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NAVAL POSTGRADUATE SCHOOL

MONTEREY, CALIFORNIA

MBA PROFESSIONAL REPORT

Management and Oversight of Services Acquisition within the United States Army

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By: **Charles A. Rau, and**
Peter J. Stambersky

June 2009

Advisors: **Aruna U. Apte,**
Uday M. Apte
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The purpose of this MBA project is to determine how the United States Army manages and oversees the acquisition of services. To accomplish this objective, the authors deployed a survey to 81 separate contracting centers to collect empirical data. The survey, created by Meinshausen & Compton as part of a prior NPS MBA project, was designed to collect data on contract characteristics, life-cycle approach, project management, organization structure, and training provided to acquisition personnel. The survey was available for two full weeks in early March 2009. During this period, 61 respondents completed the survey, representing a 75% response rate. The results show that the vast majority of contracting centers are using competitively bid, fixed-price contracts without any type of incentives. This research also shows that a project team approach often is utilized; however, the contracting officer routinely leads the acquisition effort. Additionally, the respondents indicated that there are not enough acquisition workforce billets, the current billets are not adequately filled, and that training resources are lacking. The results of this project will be used for further research in a DoD wide analysis of lifecycle management of service acquisitions.

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MANAGEMENT AND OVERSIGHT OF SERVICES ACQUISITION WITHIN THE UNITED STATES ARMY

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

NAVAL POSTGRADUATE SCHOOL
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MANAGEMENT AND OVERSIGHT OF SERVICES ACQUISITION WITHIN THE UNITED STATES ARMY

ABSTRACT

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TABLE OF CONTENTS

I. INTRODUCTION....1
A. BACKGROUND....1
B. PURPOSE....3
C. RESEARCH QUESTIONS....3
D. BENEFITS AND LIMITATIONS....4
E. RESEARCH METHODOLOGY....4
F. ORGANIZATION OF REPORT....5
G. SUMMARY....5

II. LITERATURE REVIEW....7
A. INTRODUCTION....7
B. SERVICE CONTRACTS....7
1. Service Contract Management....7
2. Performance-Based Services Acquisition....9
3. Services Purchased within the DoD....11
C. CONTRACT MANAGEMENT PROCESS....12
D. OVERSIGHT OF SERVICES CONTRACTS....14
1. Contract Administration Policy....15
2. Surveillance Personnel....15
3. Current Issues....16
E. SUMMARY....17

III. ARMY CONTRACTING COMMAND....19
A. INTRODUCTION....19
B. NEED FOR ORGANIZATIONAL REALIGNMENT....19
C. MISSION....21
D. ORGANIZATIONAL STRUCTURE....22
E. SERVICES PROCURED....24
F. SUMMARY....25

IV. SURVEY INSTRUMENT, RESULTS AND ANALYSIS....27
A. INTRODUCTION....27
B. PARTICIPANT SELECTION....27
C. SURVEY QUESTIONS....28
1. Focus of Core Questions....28
2. Focus of General Acquisition Management Questions....28
D. DATA ANALYSIS....29
1. Overview of Data Collected....29
2. Professional Administrative and Management Support....30
3. Maintenance and Repair of Equipment....32
4. Data Processing and Telecommunications....34
5. Medical....36
6. Maintenance and Repair of Real Property....38

7. Utilities and Housekeeping....40
8. Transportation and Travel....42
9. General Survey Questions....44
10. Likert Scale Questions....45
E. SUMMARY OF SURVEY RESULTS....52
F. SUMMARY....53
V. CONCLUSIONS AND RECOMMENDATIONS....55
A. INTRODUCTION....55
B. CONCLUSIONS....55
1. Service Types and Annual Expenditures....55
2. Types of Acquisition Strategies, Procurement Methods, and Contracts....55
3. Management of Service Contracts....56
4. Organization/Management Structures Used to Manage Services....56
5. Project/Program Management Staff Training....57
C. RECOMMENDATIONS....57
1. Recommendations to the Army Contracting Command....57
2. Survey Improvement....58
3. Areas for Further Research....59
LIST OF REFERENCES....61
INITIAL DISTRIBUTION LIST....65

LIST OF FIGURES

Figure 1. Changes in Service Contract Costs in Selected Categories (From: GAO, 2007b) 2
Figure 2. Performance Period Results from Army A-76 Public/Private Competition Decisions to Outsource Work between Fiscal Years 1995 and 2005 (From: GAO, 2007b) 12
Figure 3. Performance Period Results from Army A-76 Public/Private Competition Decisions for Direct Conversions between Fiscal Years 1995 and 2005 (From: GAO, 2007b) 12
Figure 4. The Contract Management Process (buyer's perspective) (From: Rendon & Snider, 2008, p. 164) 13
Figure 5. Defense Acquisition Spending and Workforce (From: Gansler, 2009) 20
Figure 6. Army Contracting Command Organization (From: ACC, 2009) 23
Figure 7. Response Distribution 29
Figure 8. Professional, Administrative & Management Support Services Core Question Re-cap 30
Figure 9. Professional, Administrative & Management Support Services Project Team Approach 31
Figure 10. Maintenance and Repair of Equipment Services Core Question Recap 32
Figure 11. Maintenance and Repair of Equipment Services Project Team Approach 33
Figure 12. Data Processing and Telecommunications Services Core Question Recap 34
Figure 13. Data Processing and Telecommunications Services Project Team Medical 35
Figure 14. Medical Services Core Question Recap 36
Figure 15. Medical Services Project Team Approach 37
Figure 16. Maintenance and Repair of Real Property Services Core Question Recap 38
Figure 17. Maintenance and Repair of Real Property Project Team Approach 39
Figure 18. Utilities and Housekeeping Services Core Question Recap 40
Figure 19. Utilities and Housekeeping Project Team Approach 41
Figure 20. Transportation and Travel Core Question Recap 42
Figure 21. Transportation and Travel Project Team Approach 43
Figure 22. General Survey Questions 44
Figure 23. Lifecycle approach for routine services 45
Figure 24. Lifecycle approach for non-routine services 46
Figure 25. Short Term Assignments 46
Figure 26. Market Research Conducted 47
Figure 27. Adequate Staffing 48
Figure 28. Positions Adequately Filled 48
Figure 29. Staff Training Received 49
Figure 30. Staff Qualifications 49
Figure 31. Identifying Requirement/Writing SOW 50
Figure 32. Surveillance Training Received as QAE 50
Figure 33. QAE Reporting 51
Figure 34. Level of Oversight 51

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LIST OF TABLES

Table 1. Product Service Code Categories....4
Table 2. Summary of Surveillance on DoD Service Contracts (From: GAO 2005a)....14
Table 3. Contract Characteristics Summary 52
Table 4. Contracting Organization Level Summary 52
Table 5. Project Team Approach Summary....53
Table 6. Army Expenditures by PSC for FY2008 (FPDS, 2009)....55

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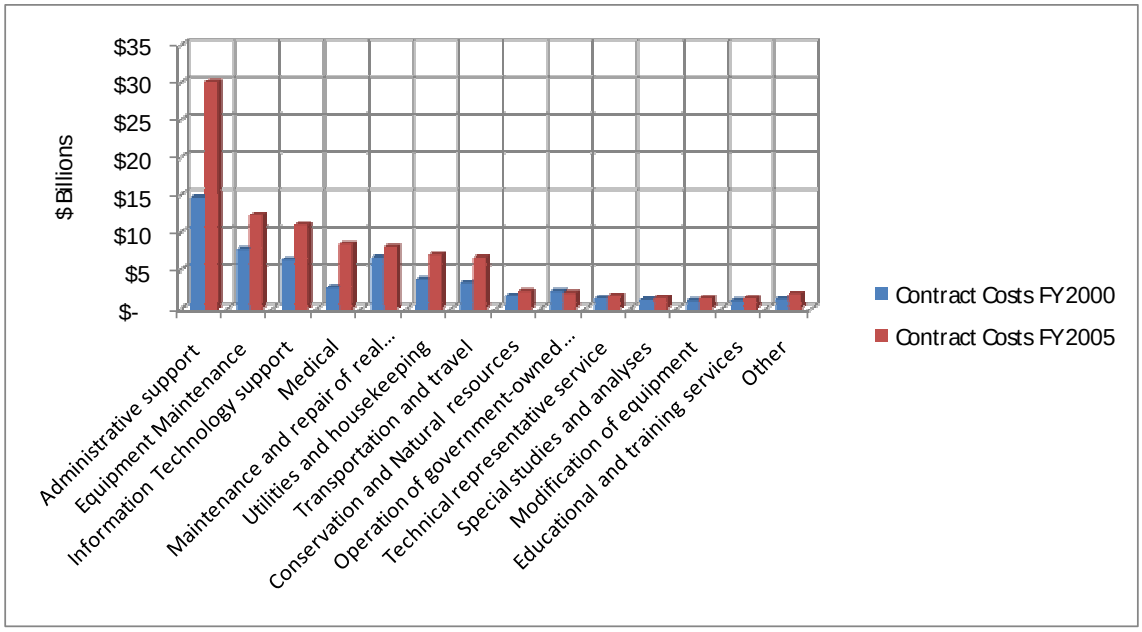
I. INTRODUCTION

A. BACKGROUND

Since the early 1990s, the amount of money spent on Department of Defense (DoD) services contracts has skyrocketed as the amount of qualified personnel needed to manage and oversee these contracts has dwindled. The DoD civilian workforce shrank by 38% between fiscal years 1989 and 2002 (GAO, 2006). During this downsizing, obligations for services rose from $85.1 billion in fiscal year (FY) 1996 to over $151 billion in FY 2006. This was a 78% increase in constant FY 2006 dollars (GAO, 2007b). The DoD spends more than 50% of its procurement dollars on services compared with the amount spent on goods (GAO, 2005a).

Reasons for the increased spending on services include the expansion of information technology services, professional/administrative support services in lieu of civilian workers, A-76 outsourcing, and the Global War on Terrorism (GWOT). For example, the Army responded to competing security requirements at its installations following September 11, 2001 and the deployment of active and reserve personnel in support of GWOT, by awarding contracts worth almost $733 million for security guards at 57 installations (GAO, 2006). As a result of the increased need for services and the reduction in the acquisition workforce, the management and monitoring of services contracts systematically suffered from a lack of oversight.



FY 2007 dollars in billions

Figure 1. Changes in Service Contract Costs in Selected Categories (From: GAO, 2007b)

The Government Accountability Office (GAO) reviewed 90 service contracts and found the surveillance to be "insufficient" on 26. Of the 26, 15 had no assigned surveillance, and the 11 with assigned surveillance could not provide evidence of surveillance due to "incomplete documentation." GAO also found that the Army, unlike the Navy and Air Force, did not require surveillance personnel to be assigned prior to the awarding of the contract. This was revised in April 2004, when the Army began requiring surveillance on a limited number of professional support service contracts, but this did not apply to contracts awarded before April 2004 that were still in effect (GAO, 2005a). GAO later outlined in a November 2006 report some keys to success for improving service acquisition management. These included at the strategic level: (1) strong leadership that defines a corporate vision and normative goals; (2) sustained results-orientated communication and metrics; (3) defined responsibilities and associated support structures; and (4) increased knowledge and focus on spending and data trends. Keys to success at the transactional level included: (1) valid and well-defined requirements; (2) properly structured business arrangements; and (3) proactively-

managed outcomes (GAO, 2006). Ignoring these success factors and neglecting proper surveillance leaves the DoD exposed to "unnecessary risk, wastes resources, and complicates efforts to hold contractors accountable for poor service acquisition outcomes." This also will leave the DoD unable to identify and correct poor performance in a timely manner, in addition to paying too much for the services it receives (GAO, 2007c).

B. PURPOSE

The objective of this research is to develop a comprehensive understanding of how the United States Army manages the acquisition of services. To accomplish this objective, we conducted an analysis of empirical data collected from 63 contracting centers representing five major Army commands. The data was collected through an Army version of a survey created by Compton and Meinshausen (Compton, 2007) for the Naval Postgraduate School in 2007. Versions of this survey have been utilized by Miranda and McMaster in "An Empirical Study of the United States Navy's Management and Oversight of Services Acquisition," 2008 and by Solomon and Travieso in "Management and Oversight of Services Acquisition within the United States Air Force," 2008. The results will be used for further research into managing the service supply chain in DoD (Apte and Rendon, 2007).

C. RESEARCH QUESTIONS

This research attempts to answer the following questions as they relate to services acquisition within the United States Army:

- What types of services typically are contracted for at Army installations and what is the annual expenditure for these services?
- What types of acquisition strategies, procurement methods, and contracts are being used to acquire services?
- How are these service contracts managed?
- What type of organization/management structures are used to manage contracted services?
- What training do contract and project/program management staff receive? (Apte, Ferrer, Lewis, and Rendon, 2006)

D. BENEFITS AND LIMITATIONS

In addition to providing a wide-ranging understanding of how services acquisition is managed within the United States Army, this research attempts to advance knowledge and provide recommendations on how the acquisition of services can be better managed at Army installations and across the DoD. This research envelops the acquisition of services at Army installations in the Continental United States (CONUS). The limitation of this research is that it only focuses on seven of the Product Service Code (PSC) categories. These categories, as presented in Table 1, were selected because they represent the over 67% of all the services, excluding construction, purchased within Army in FY 2008 (FPDS, 2009). The General Services Administration (GSA) defines the product service codes while the Federal Procurement Data System (FPDS) manages them for the DoD.

Table 1. Product Service Code Categories

Service Category	Classification Code
Professional, administrative, and management support	R
Maintenance and repair of equipment	J
Data processing and telecommunications	D
Medical	Q
Maintenance and Repair of Real Property	Z
Utilities and housekeeping	S
Transportation	V

E. RESEARCH METHODOLOGY

This research utilizes a web-based survey entitled "DoD Military Installation Services Acquisition Survey: Army Installations" as a data-collection tool. The survey is powered by SurveyMonkey.com, an online software tool that allows people to develop and deploy their own surveys. The survey consists of 81 questions, including 12 Likert-scale questions, each with six-item response ranges. The self-administered surveys use filter questions and skip logic to move between service categories and other questions related to procurement methods.

The research for this report draws from three different sources: (1) government reports, memoranda, and documents, Naval Postgraduate School MBA Professional Reports, and Acquisition Research Sponsored Reports; (2) quantitative data from the Federal Procurement Data System (FPDS); and (3) a web-based, self-administered survey on SurveyMonkey. The results of the survey are analyzed in comparison with issues pertaining to contract surveillance as highlighted by the GAO. Chapter IV will provide additional information on the survey.

F. ORGANIZATION OF REPORT

This report is structured into five chapters. Chapter I includes background information, purpose of the report, research questions, benefits and limitations, and the research methodology. Chapter II reviews current literature related to services acquisition. It examines several GAO reports, NPS research reports and DoD memorandums. Chapter III examines the formation of Army Contracting Command, its mission, organizational structure, and the different services acquired by the command. Chapter IV examines the survey, selection of participants, the collected data, and its analysis. Chapter V provides the answers to our research questions, recommendations to the Army Contracting Command, ways to improve the survey, and areas to consider for further research.

G. SUMMARY

This chapter provided background information on services acquisition within the DoD, the purpose of the report, research questions, benefits and limitations, and the research methodology. The research questions are the primary focus of this research. The next chapter reviews available literature pertaining to services acquisition within DoD.

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II. LITERATURE REVIEW

A. INTRODUCTION

This chapter reviews available literature covering services acquisition. The purpose of this review is to gain a better understanding of the services procurement processes, and related historical issues within the DoD and the United States Army. This chapter begins by examining the management of service contracts. Next, it looks at the contract management process and performance-based contracting. Finally, this chapter will look at policies and training related to contractor surveillance and management.

B. SERVICE CONTRACTS

1. Service Contract Management

DoD is the federal government's largest purchaser of services (GAO 2005a) with obligations rising from $85.1 billion in FY 1996 to over $151 billion in FY 2006 (GAO 2007b). While these obligations continued to rise, the size of the acquisition workforce was downsized without "sufficient attention to requisite skills and competencies" needed to manage service contracts. DoD continues to rely more and more on contractors to provide services despite "longstanding problems with contract management that continue to adversely impact services acquisition outcomes" (GAO 2007a).

Those problems with services acquisitions outcomes, as outlined by the GAO, include:

- Managing service acquisition within the DoD is reactive, largely fragmented, and uncoordinated with little visibility at the DoD or military department level
- Inadequate management and assessment of contractor performance, none of which measures cost-effectiveness or quality of services obtained
- Lack of competition
- DoD information system data on amount spent on services is questionable and seldom used

- Procurement processes within DoD not carried out efficiently and effectively
- Insufficient guidance, leadership, and contractor oversight personnel at deployed locations
- DoD does not effectively leverage its buying power (GAO, 2006; GAO, 2007a; GAO, 2007c).

GAO suggests some ways to improve service acquisition, which is described as "obtaining the right service, at the right price in the right manner." This involves a strategic as well as a transactional focus. As outlined previously, factors for success at the strategic level include: (1) strong leadership that defines a corporate vision and normative goals; (2) sustained results, orientated communication, and metrics; (3) defined responsibilities and associated support structures; and (4) increased knowledge and focus on spending and data trends. At the transactional level, factors for success include: (1) valid and well-defined requirements; (2) properly-structured business arrangements; and (3) proactively-managed outcomes. A comprehensive approach utilizes both strategic and transactional factors to complement one another to achieve desired outcomes (GAO 2006).

To ensure these recommendations by GAO are followed; policies and practices are being put into place for effective service acquisition management. The Under Secretary of Defense (USD) for Acquisition Technologies and Logistics (AT&L) issued two memoranda in 2006 entitled "GAO High Risk Area: Contract Management" and "Acquisition of Services Policy." The first memorandum, written in February, made the reader aware that the USD for AT&L updated the DoD's Improvement Plan dated August 12, 2005. This plan incorporated implementation of section 812, which is the Management Structure for Procurement of Contract Services from the National Defense Authorization Act for FY 2006, Public Law 109-163. It required the establishment and implementation of a management structure for the acquisition of services. The second memorandum released on October 2, 2006 outlined the most up-to-date policy implementation of section 812. The intent of this policy was to strengthen the DoD management of the acquisition of services at the strategic and tactical level. It will be included in the next revision of DoD 5000.2 (USD AT&L, 2006)

2. Performance-Based Services Acquisition

The FAR states that PBSA is the preferred method for acquiring services in accordance with Public Law 106-398, section 821 (FAR37.102). Performance-based contracts outline the desired result from the contractor while leaving the manner in which the work is performed up to the contractor. "Simply put, it (PBSA) is a method for acquiring what is required and placing the responsibility for how it is accomplished on the contractor" (DoD, 2001). Historically, the government has focused on "inputs rather than outcomes." PBSA shifts this focus to performance rather than the process. It allows the contractor to be innovative and use industry best practices to meet the needs of the government. According to the Office of Federal Procurement Policy (OFPP) and the Office of the Under Secretary of Defense for Acquisition Reform, performance-based contracts should:

- Describe the requirements in terms of results required, rather than the methods of performance of the work
- Set measurable performance standards
- Describe how the contractor's performance will be evaluated in a quality assurance plan
- Identify positive and negative incentives, when appropriate (GAO 2002, 9, DoD 2001).

The objectives of these parameters are to maximize performance through industry best practices, maximize competition and innovation instead of government-directed solutions, encourage and promote the use of commercial services as outlined by the Federal Acquisition Regulation (FAR) Part 12 (Acquisition of Commercial Items), shift risk from government to industry, and achieve savings (DoD, 2001). As stated by the Under Secretary of Defense, Acquisition, Technology & Logistics (USD (AT&L)) on April 5, 2000, "It is the policy of the Department of Defense that in order to maximize performance, innovation and competition – often at a savings, performance-based strategies for the acquisition of services are to be used wherever possible." The Under Secretary set a goal in 2000 that 50% of all service acquisitions in dollars and actions should be performance-based by 2005 (DoD, 2001). In 2001, performance-based contracts accounted for $28.6 billion or 21% of the $135.8 billion in total obligations,

while only 11% or 41,000 of 360,000 service contracts were actually performance-based acquisitions (GAO 2002a). In 2002, GAO reviewed 25 contracts, 10 of which were in DoD to see if the different agencies had incorporated performance-based services acquisition and how well they using it.

Of the 25 contracts reviewed by GAO, each had at least one performance-based attribute, while only nine displayed all four factors of performance-based contracts as outlined by the OFFP. These contracts included one each for the Army, Navy, and Air Force, two for the Treasury Department, and four by the GSA, including one for the Federal Technology Service and three for the Public Buildings Service. These contracts, as described by the GAO, were for services performed "widely" in the commercial sector and that lend themselves easily to performance-based contracting because the measurements and specifics on the expected outcomes where "straightforward."

Four contracts were highlighted as good potential subjects for PBSA implementation. These included two by the Air Force for refuse collection and housing maintenance on an Air Force base and two by the Treasury Department for dormitory and food management at the Federal Law Enforcement Training Center. The contracts would be able to utilize PBSA easily, but instead were too prescriptive in their contracts. This did not allow the contractor to be innovative and find the most cost-effective way of providing the service. They did, however, incorporate positive or negative incentives into the contract, a key factor in PBSA.

Finally, the other 12 contracts were described as more complex and risky, but with some attributes of PBSA. These 12 contracts included one from the Army, four from the Navy, two from the Department of Energy (DoE), and five from the National Aeronautical and Space Administration (NASA). These agencies found that because of the complexity involved with these services, such as a Navy tactical test range, launching and recovering the space shuttle and operating a nuclear facility, they needed to be more prescriptive in their contracts. These contracts did include, however, incentives, quality assurance plans, and performance measures (GAO, 2002b).

These 25 contracts were opportunities for different agencies within the U.S. Government to implement PBSA. Implementaion was successful in some cases and not in others. Those agencies that did successfully implement PBSA—as well as those that did not—requested more guidance and training on the use of PBSA for service contracts, especially for the more complex acquisitions. Also, better criteria need to be established for when to use a performance-based contract. (GAO, 2002b)

3. Services Purchased within the DoD

Four factors have contributed to an increase in DoD service contracts. First, the Global War on Terrorism has called for increased use of personnel, including the reserves and civilian contractors. The second factor is the Office of Management and Budget's (OMB) Circular A-76, which is the long-standing policy of the government to rely on civilians and the private sector for commercial services through competitive contracts. The third increase is due to DoD initiatives to outsource uniformed and DoD civilian jobs, and to privatize certain services. Finally, the use of civilian contractors is favored by the DoD because it is easier to terminate or not renew a contract when a service is not needed, rather than laying off government employees. To date, it is not clear if the increased use of contractors for services has caused the DoD higher costs. This is because DoD does not know how much services would cost if done by government employees. (GAO, 2007c) DoD does, however, track data on the competitive outsourcing program known as A-76.

Data from 538 of 570 A-76 decisions for the Army, Navy, Marine Corps, and Air Force from 1995 through 2005 revealed that public/private competition decisions "generally resulted in reducing the government's costs for the work." As seen in Figures 2 and 3, the Army reported an estimated savings of about $33 million over 96 contracts. These 570 decisions to outsource represent just over 51% of the 1,112 jobs considered under A-76. This replaced over 39,000 government employees who would have performed these jobs (GAO, 2007b).

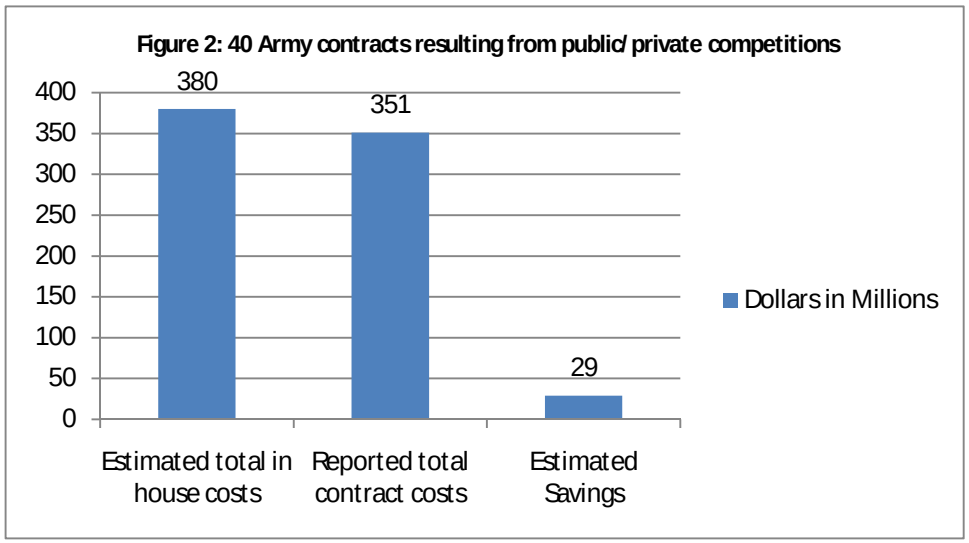

Figure 2. Performance Period Results from Army A-76 Public/Private Competition Decisions to Outsource Work between Fiscal Years 1995 and 2005 (From: GAO, 2007b)

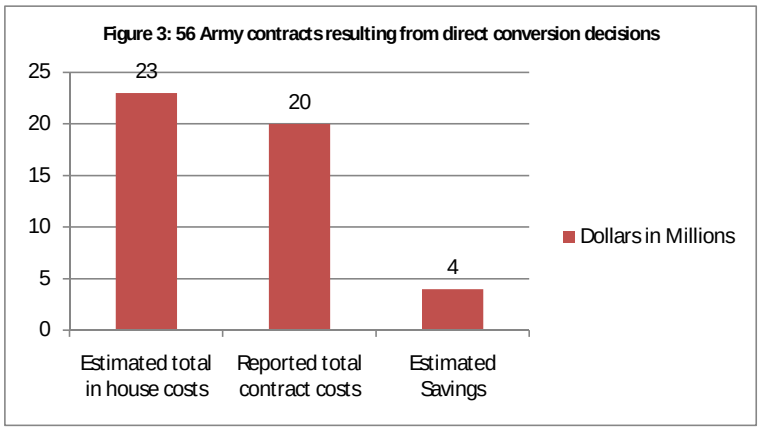

Figure 3. Performance Period Results from Army A-76 Public/Private Competition Decisions for Direct Conversions between Fiscal Years 1995 and 2005 (From: GAO, 2007b)

C. CONTRACT MANAGEMENT PROCESS

Six common phases for the procurement of services exist. They are procurement planning, solicitation planning, solicitation, source selection, contract administration, and

contract closeout or termination. Procurement planning involves outsource analysis, defining requirements, producing requirements documents such as work breakdown structures (WBS), performance work statements (PWS) and statements of work (SOW), market research, budget and cost estimates, determining contract type, and conducting risk analysis. The solicitation-planning phase involves document preparation, which requires documenting requirements and identifying potential sources. The solicitation phase focuses on gathering information in the form of bids and proposals from potential sellers. The source selection phase involves negotiating with suppliers, applying the proposal evaluation criteria to select a supplier, and execute the contract award strategy. The contract administration phase involves ensuring that each party involved in the contract meets the terms and conditions of that contract. The final phase of the contract management process is contract closeout or termination. This phase consists of verifying all administrative matters are concluded on a physically complete contract (Rendon & Snider, 2008).

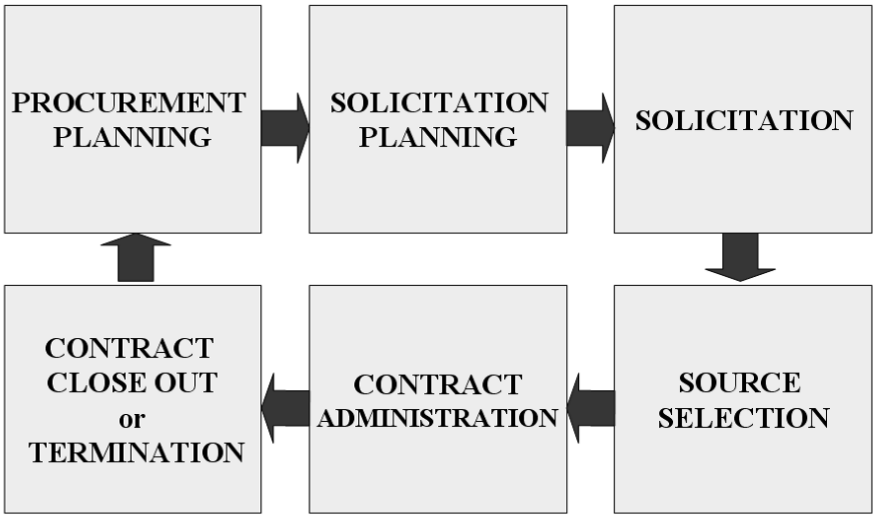

Figure 4. The Contract Management Process (buyer's perspective)
(From: Rendon & Snider, 2008, p. 164)

D. OVERSIGHT OF SERVICES CONTRACTS

This research examines the management and oversight of services acquisition at Army installations worldwide. Oversight otherwise known as surveillance is conducted during the contract administration phase of the contract. As stated earlier, lack of surveillance on government services contracts puts the government at risk, wastes resources, and complicates efforts to hold contractors responsible for poor performance. One example of inadequate surveillance that cost the government money was the Army's LOGCAP contract in Iraq. The GAO reported that had the Army had adequate staffing, the Army could have saved substantially. A Defense Contract Management Agency (DCMA) official responsible for oversight on the LOGCAP contract said he was unable to oversee contractor performance at all 27 locations in Iraq during his 6 months there. (GAO, 2007c) Table 2 shows the DoD lacked adequate surveillance on 26 of 90 service contracts reviewed in March 2005 as seen here.

DOD Organization	Number of Contracts	Award Amount in Millions	Contracts with no surveillance personnel assigned	Contracts with insuffecient evidence of surveillance
Air Force				
AFMC	20	$ 39.00	0	0
Other	8	$ 2.40	0	0
Army				
ACA-North	19	$ 86.20	7	2
Other	11	$ 20.70	6	1
Navy				
NAVSEA	20	$ 226.60	0	0
Other	6	$ 8.70	1	4
OSD and other DOD agencies	6	$ 2.10	1	4
Total	**90**	**$ 385.70**	**15**	**11**

Table 2. Summary of Surveillance on DoD Service Contracts (From: GAO 2005a)

1. Contract Administration Policy

The Federal Acquisition Regulation (FAR) dictates all policies and procedures regarding the acquisition of services in the federal government. It states that the contracting officer administering the contract will determine the extent of the surveillance.

2. Surveillance Personnel

Personnel assigned to conduct surveillance on service contracts are referred to by several different titles. These titles include Quality Assurance Personnel (QAP), Quality Assurance Evaluator (QAE), Contracting Officer's Representative (COR), Contracting Officer's Technical Representative (COTR), and Task Order Manager (TOM). These personnel typically are not considered part of the acquisition workforce but rather perform contract surveillance as an additional duty for the agency receiving the service. These surveillance personnel are assigned by the contracting officer based on what level of surveillance the contracting officer feels is required. They usually are fulltime employees, and view the surveillance job as an additional duty. Surveillance personnel also are not rated on the additional duties they are asked to perform. Often these employees do not have enough time in the normal workday, and have insufficient training to perform their surveillance duties. (GAO, 2005a)

Training is, however, required by the DoD for surveillance personnel. CLC 106, "Contracting Officer Training with a Mission Focus" is available on line through the Defense Acquisition University (DAU). This course is described as an "overview" of basic concepts that will prepare a COR for surveillance duties (DAU, 2008). The Army food service community and Quartermaster Corp have relied on civilian contractors for food service at CONUS and OCONUS installations for years. Based upon this relationship, the Army Center of Excellence, Subsistence (ACES) offers an intense 5-day course covering the duties, responsibilities, and limitations of surveillance personnel. Emphasis is placed on contingency operations, concise requirements, legal parameters, sources and types of authority, property accountability, and performance assessment of contractors' efforts. This class is offered to all Warrant Officer Advanced and Basic

Classes, and to all Food Service Management students at Fort Lee, VA. During FY 2006, this training was provided through 15 classes to over 425 students. ACES also provide a Mobile Training Team for this training (ACES, 2008).

Surveillance of service contracts is an important way to ensure that the contractor is providing the proper services to the government and preventing waste. Continued training and improvement are needed throughout the DoD. To improve contract surveillance in DoD, the GAO offered the following recommendations on contract surveillance in February 2005:

- Ensure that the proper surveillance training of personnel, and their assignment to service contracts, occurs no later than the date of contract award
- Develop practices to help ensure accountability for personnel carrying out surveillance responsibilities
- Ensure that DoD's service contract review process and associated data collection requirements provide information that will provide more management visibility over contract surveillance
- Revise the October 2004 policy guidance on proper use of other agencies' contracts to include guidance on conducting surveillance of service procured from other agencies' contracts
- That the Secretary of Defense directs the Secretary of the Army to assign surveillance personnel to conduct surveillance, as appropriate, on on-going Contract Advisory and Assistance Services (CAAS) contracts awarded prior to 2004 (GAO 2005a).

3. Current Issues

Current issues that the DoD is facing regarding contract surveillance continue to be insufficient guidance, and leadership to manage contractors supporting deployed forces. This was highlighted as one major issue by GAO. In an attempt to remedy this, the DoD issued guidance in October, 2005 on contractor support to deployed forces. The guidance required that the department develop or designate a joint database for tracking contractors, their services, and capabilities. In January 2007, DoD designated the Army's Synchronized Pre-deployment and Operational Tracker (SPOT) as the lead database for improving visibility over deployed contractors. SPOT includes approximately 50,000

contractor names, and was officially required for use by contractors in December 2006 by the Defense Federal Acquisition Regulation Supplement (GAO 2007c).

E. SUMMARY

This chapter reviewed available literature pertaining to services acquisition management, performance-based contracting, and oversight of service contracts. There is no doubt services acquisition will continue to grow, despite a shrinking and stagnant civilian workforce needed to manage them. These opposing events have led to waste, little to no surveillance of services contracts, inadequate documentation, and poorly trained personnel. Performance-based contracting and its continued use are helping to correct the faults and make services acquisition within the DoD more effective and efficient. The next chapter outlines the survey and its use in collecting empirical data on services acquisition in the United States Army.

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III. ARMY CONTRACTING COMMAND

A. INTRODUCTION

The purpose of this chapter is to provide an overview of the Army Contracting Command. First, this chapter will describe the shortfalls in Army contracting that required the formation of a new contracting command. It will then explain the Army Contracting Command's mission and organizational structure. Finally, the chapter will provide an overview of how the offices and personnel within this command were selected to participate in this research project.

B. NEED FOR ORGANIZATIONAL REALIGNMENT

The establishment of the Army Contracting Command was based on an urgent need for reform. According to the Gansler Commission's report, "the Army has a serious deficiency in contract and contract management personnel." This problem was cultivated over numerous years of workforce reductions, countered by the growth in both the number and complexity of acquisitions. The Army's contracting weaknesses became extremely apparent with the lack of trained and experienced Army contracting officers ready and available to support Operation Enduring Freedom (OEF) and Operation Iraqi Freedom (OIF), and the numerous contracting scandals associated with these ongoing conflicts. However, the attention created by the high-profile scandals had a positive affect by gaining the awareness and focus of the Army's senior leadership on this critical capability.

The first major contracting deficiency recognized by the Army was its insufficient number of trained and experienced contracting personnel. This was caused by two diverging factors. The first was the continual downsizing of acquisition personnel over much of the 1990s and early 2000s. The second factor was the continual increase in the number and complexity of acquisitions and contracting actions. Figure 5 clearly illustrates the results of these opposing factors.

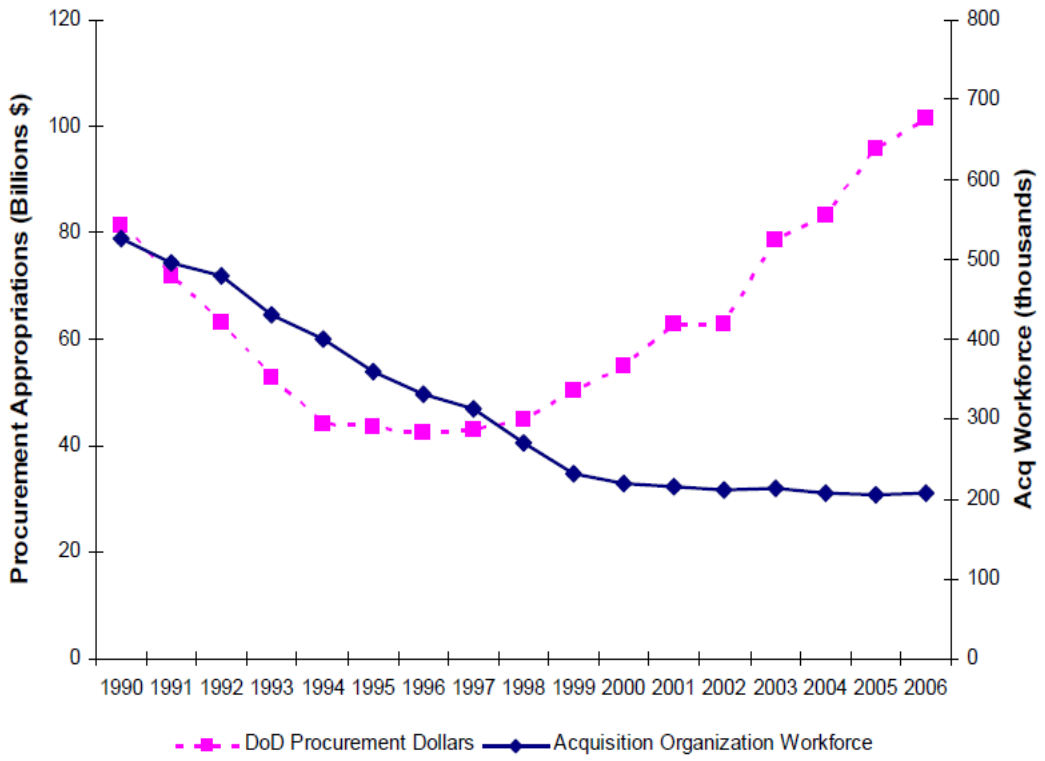

Figure 5. Defense Acquisition Spending and Workforce (From: Gansler, 2009)

Numerous studies conducted throughout the 1990s determined that many services that were once accomplished by military personnel or Department of Defense civilian employees could be completed cheaper and more effectively by contractors. The Army, as did the other military services, bought into this approach and underwent a dramatic reduction in the number of acquisition-related positions. As a result, the Army reduced the number of trained and experienced contracting personnel, while the amount and number of contracting actions steadily increased.

Another difficulty that the Gansler report identified was the Army's shortage of fully trained and experienced contracting staff to support expeditionary operations. This too was a result of the Army's severely downsizing its acquisition forces. In particular, this shortage was caused by the dramatic reduction in the number of active duty contracting officers. According to the Gansler report, by the mid 2000s, only about 3% of all the Army contracting personnel were active duty military, and there were no Army contracting career general officers. Even though the Army is the "Executive Agent" for

contracting in Iraq and Afghanistan, the Army has had to rely heavily on the other services to fill mission-critical contracting billets in the Joint Contracting Command. In fact, this command was led by an Air Force Major General, and approximately 67% of all the contracting billets were filled by Air Force contracting personnel (Commission on Army Acquisition and Program Management in Expeditionary Operations, 2007). Unlike many other functions that the Army is responsible for in Iraq and Afghanistan, contracting is not a function that can be contracted out to meet surges in demand.

The other major deficiency the Army has encountered is a lack of coordination among contracting activities. Prior to the establishment of the Army Contracting Command, the Army's contracting resources were dispersed throughout numerous commands, and there was no direct authority over all of the contracting offices below the Secretary of the Army level (Commission on Army Acquisition and Program Management in Expeditionary Operations, 2007). In addition to a dispersed workforce, there were no general officer positions available in the contracting career field. These factors combined to create a complete lack of synchronization and advocacy to develop and lead the Army's contracting personnel.

For the reasons outlined above, it was evident that the Army needed to implement immediate changes to improve its contracting competence. The Army fully recognized the importance of having a trained and experienced contracting workforce to support the growing number of acquisitions and to support the potential demand surge of expeditionary operations in the future. To accomplish this, the Army required a major organizational realignment to manage its critical contracting resources and thus the Army Contracting Command was established.

C. MISSION

The primary function of the Army Contracting Command is summed up in its mission statement; "Provide global contracting support to warfighters through the full spectrum of military operations." The command accomplishes this task by serving as the

focal point within the Army for all of its contracting resources. The command also has full authority and responsibility to continually improve the Army's contracting capabilities.

The establishment of the Army Contracting Command centralizes the management of the Army's contracting resources. This new structure promotes improved coordination and responsiveness, which leads to superior contracting support. The realignment also creates a center of excellence in contract management, which will further enhance the level of service the command provides. By combining contract experience in all aspects of acquisitions including installation level contracting and in weapon systems research and development, production, and sustainment and maintenance the Army Contracting Command will be able to support the contracting needs of any expeditionary operation, no matter how complex (ACC, 2007).

The Army Contracting Command also serves as a valuable advocate for the Army's contracting workforce. By serving as the primary sponsor for this vital career field, the command provides the resources required to hire, train, and continually develop highly competent contracting personnel. This includes increasing the number of active duty contracting officers by providing an attractive and rewarding career path. With the creation of the Army Contracting Command, the Army established two general officer billets in the contracting career field. This now allows military officers who have ambitions of achieving the rank of general officer to choose contracting as a career path. Overall, the command provides a much-needed leadership function that will serve to expand, develop, and deliver world-class contracting support.

D. ORGANIZATIONAL STRUCTURE

The Commander of the Army Contracting Command has the direct authority over most Army contracting capabilities, and serves as the focal point for status and readiness of the Army-wide contracting workforce (Anonymous, 2008). This new organization was created by realigning the Army Contracting Agency from a field operating activity that fell under the leadership of the Assistant Secretary of the Army for Acquisition,

Logistics, and Technology to a major subordinate command of the Army Material Command. This reorganization merges the majority of the Army's contracting resources into a single command structure.

Below the Commander of the Army Contracting Command there are two subordinate commands: an expeditionary contracting command, and an installation contracting command, both of which are led by a brigadier general. In addition to the two subordinate commands, there are ten contracting centers that also fall under the control of the Army Contracting Command. This organizational structure centralizes authority and serves to increase coordination and enhance the Army's contracting capability. A full organization chart is provided in Figure 6.

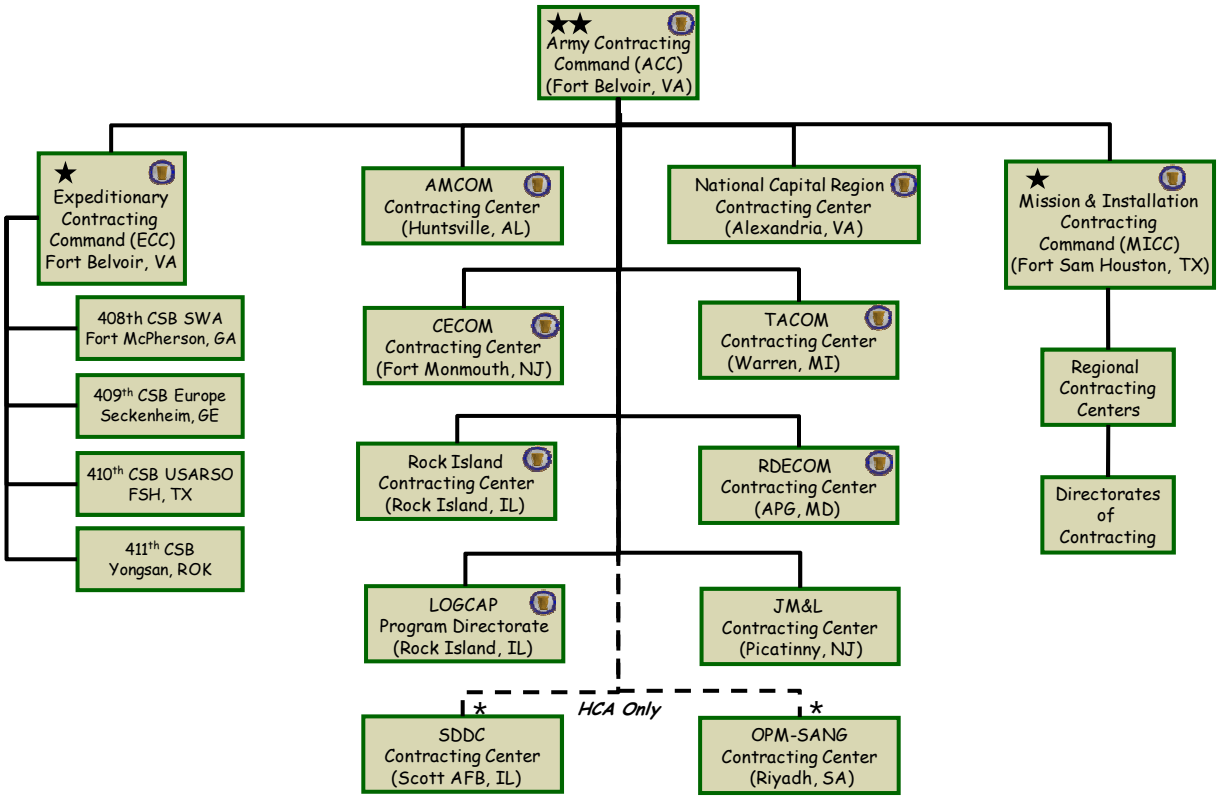
Army Contracting Command (ACC) (Fort Belvoir, VA)
Expeditionary Contracting Command (ECC) Fort Belvoir, VA
408th CSB SWA Fort McPherson, GA
409th CSB Europe Seckenheim, GE
410th CSB USARSO FSH, TX
411th CSB Yongsan, ROK
AMCOM Contracting Center (Huntsville, AL)
CECOM Contracting Center (Fort Monmouth, NJ)
Rock Island Contracting Center (Rock Island, IL)
LOGCAP Program Directorate (Rock Island, IL)
SDDC Contracting Center (Scott AFB, IL)
National Capital Region Contracting Center (Alexandria, VA)
TACOM Contracting Center (Warren, MI)
RDECOM Contracting Center (APG, MD)
JM&L Contracting Center (Picatinny, NJ)
HCA Only
OPM-SANG Contracting Center (Riyadh, SA)
Mission & Installation Contracting Command (MICC) (Fort Sam Houston, TX)
Regional Contracting Centers
Directorates of Contracting

Figure 6. Army Contracting Command Organization (From: ACC, 2009)

Although Figure 6 outlines the current structure of the Army Contracting Command, the command is still less than a year old and is continuing to evolve. In the end, the Army plans to hire an additional 1,400 new employees—400 soldiers and 1,000

civilians—to support contingency contracting operations (Hodge, 2007). By the end of FY 2011, the command is projected to have a workforce totaling 753 military and 4,629 civilians (ACC, 2009). In addition to growing the workforce, the command is developing a competent and experienced contracting staff that will be able to provide a full-range of contracting services to meet the Army's future requirements.

E. SERVICES PROCURED

Each of the installations and contracting centers that fall under the control of the Army Contracting Command is responsible for acquiring a unique set of goods and services. Even though this research focuses on the seven service categories that DoD spends the most money on, individual organizations within the Army's Contracting Command do not necessarily procure services from each of these categories. For example, the Army spent approximately $896 million dollars on medical services in FY 2008 (FPDS 2009), but the results of the present survey indicate that the majority of respondents do not contract for these services.

The products and services that each contracting office procures obviously are based on the mission of the organization it supports. Case in point, the U.S. Army's Tank and Automotive Command (TACOM) contracting center provides lifecycle management for numerous weapon systems. According to TACOM's website, they are responsible for purchasing ground combat, tactical vehicles, small arms, chemical/biological systems, supporting services, repair parts, and the Future Combat Systems program.

While the TACOM contracting center procures a wide variety of products and services related to the lifecycle management of weapon systems, the Mission and Installation Contracting Command procures items related to the operations and maintenance of installations. Together, however, all of the organizations that make up the Army Contracting Command comprise the experience and knowledge to provide contracting expertise to meet any challenge.

F. SUMMARY

This chapter provided a brief overview of why the Army Contracting Command was established, its mission, and how the command is organized. The following chapter will provide a detailed analysis of the empirical data collected from the survey.

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IV. SURVEY INSTRUMENT, RESULTS AND ANALYSIS

A. INTRODUCTION

This chapter explains the participant selection, survey instrument, and examines the responses to the 81-question, web-based survey that focused on the management of services contracts throughout the Army. The objective of this research was the collection of empirical data through the use of a survey. A standardized 81-question survey, entitled *DoD Military Installation Services Acquisition Survey-Army* was deployed to 81 contracting offices. The survey was distributed across 8 major contracting centers throughout the Army, including 40 Army installations. The survey response rate was 75 %, or 61 responses.

B. PARTICIPANT SELECTION

The Participants for this survey were selected based on the organization they worked for, and their position within the organization. The goal was to gather data from every organization within the Army Contracting Command that directly manages or oversees the contracting of services. Once all of the organizations were identified, the individual personnel were selected based on their position within the organization. The researchers sought to have senior contracting officers within the selected organizations complete the survey. The purpose of this was to ensure the person completing the survey had a comprehensive view and understanding of how their organization managed service contracts.

The only exception to the criteria above was the exclusion of the Expeditionary Contracting Command. The researchers intentionally omitted the organization within this command from the survey for two primary reasons. First, because of the uniqueness of contracting that takes place during contingency operations, the researchers felt the data provided by the Expeditionary Contracting Command would not accurately reflect, or correlate well with, contracting practices during peacetime operations. Second, the

researchers did not want to add additional work to these personnel because of the environment and existing workload that Expeditionary Contracting Command is already experiencing.

C. SURVEY QUESTIONS

The survey was divided into four sections: administrative, core, general, and comments. The administrative portion identifies branch of service and major command of the survey respondent. The remaining sections of the survey attempt to answer the research questions by assessing: (1) acquisition strategies, methods and contract types, (2) contract management, (3) project-team approach, and (4) the training acquisition staff receives.

1. Focus of Core Questions

The purpose of the core questions is to answer the following research questions:

- What type of acquisition strategies, procurement methods, and contracts are being used to acquire services?
- How are services contracts managed?
- What types of organization/management structures are used to manage contracted services?

Core questions were grouped by Product Service Codes (PSC), then by contract characteristics, acquisition management methods, project-team approach, and services acquisition leadership (Compton & Meinshausen 2007).

2. Focus of General Acquisition Management Questions

The purpose of these general questions was to answering the following research questions:

- How are services contracts managed?
- What types of organization/management structures are used to manage contracted services?
- What training does contract and project/program management staff receive?

This section reviews the lifecycle approach and other acquisition management factors. It also used a Likert scale to measures responses to 12 statements in levels of agreement of: strongly agree, agree, neutral, disagree, strongly disagree, and not applicable. The survey also offered an opportunity for participants to comment and to offer feedback on their concerns and recommendations for the survey and other acquisition topics.

D. DATA ANALYSIS

1. Overview of Data Collected

All 61 respondents were from the United States Army. Out of the 61 respondents, 33 were from MICC; 12 were from TACOM; 7 were from RDECOM; 5 were from NCR; and 4 were from CECOM; there were zero respondents from JM&L, AMCOM and Rock Island Arsenal.

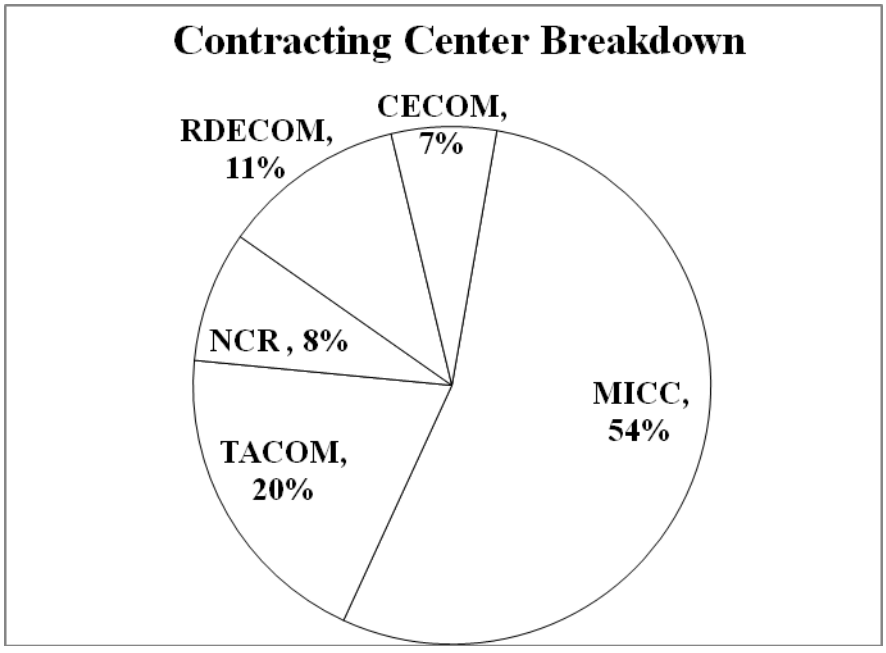

Figure 7. Response Distribution

2. Professional Administrative and Management Support

Examination of the numbers associated with the professional, administrative, and management support product service code (PSC) R reveals that a competitive approach is used 70% to 88% of the time (FY03-08), while sole-source is used 6% to 9% of the time (FY 03-08). Fixed-price contracts were used 59% to 70% of the time (FY03-08), while cost-type contracts were used 14% to 19% of the time (FY03-08). Incentives or Award Fees were used only 19% to 27% of the time (FY03-08). Professional, administrative and management services were acquired at the installation level 69% to 78% of the time (FY03-08).

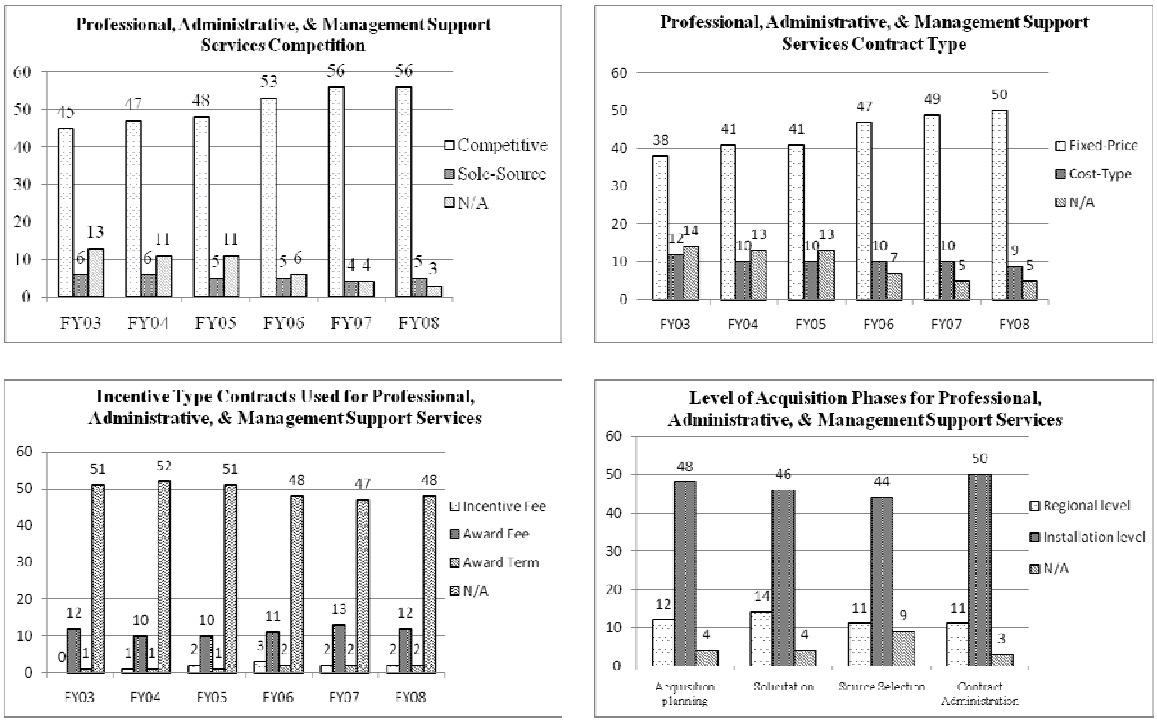

Figure 8. Professional, Administrative & Management Support Services Core Question Re-cap

The data shows that a project team approach was used 71 % of time. Regardless of whether a project team approach was used in the acquisition of professional, administrative, and management support service, the contracting officer led the acquisition 76% of the time, while the customer owned the requirement 68% of the time.

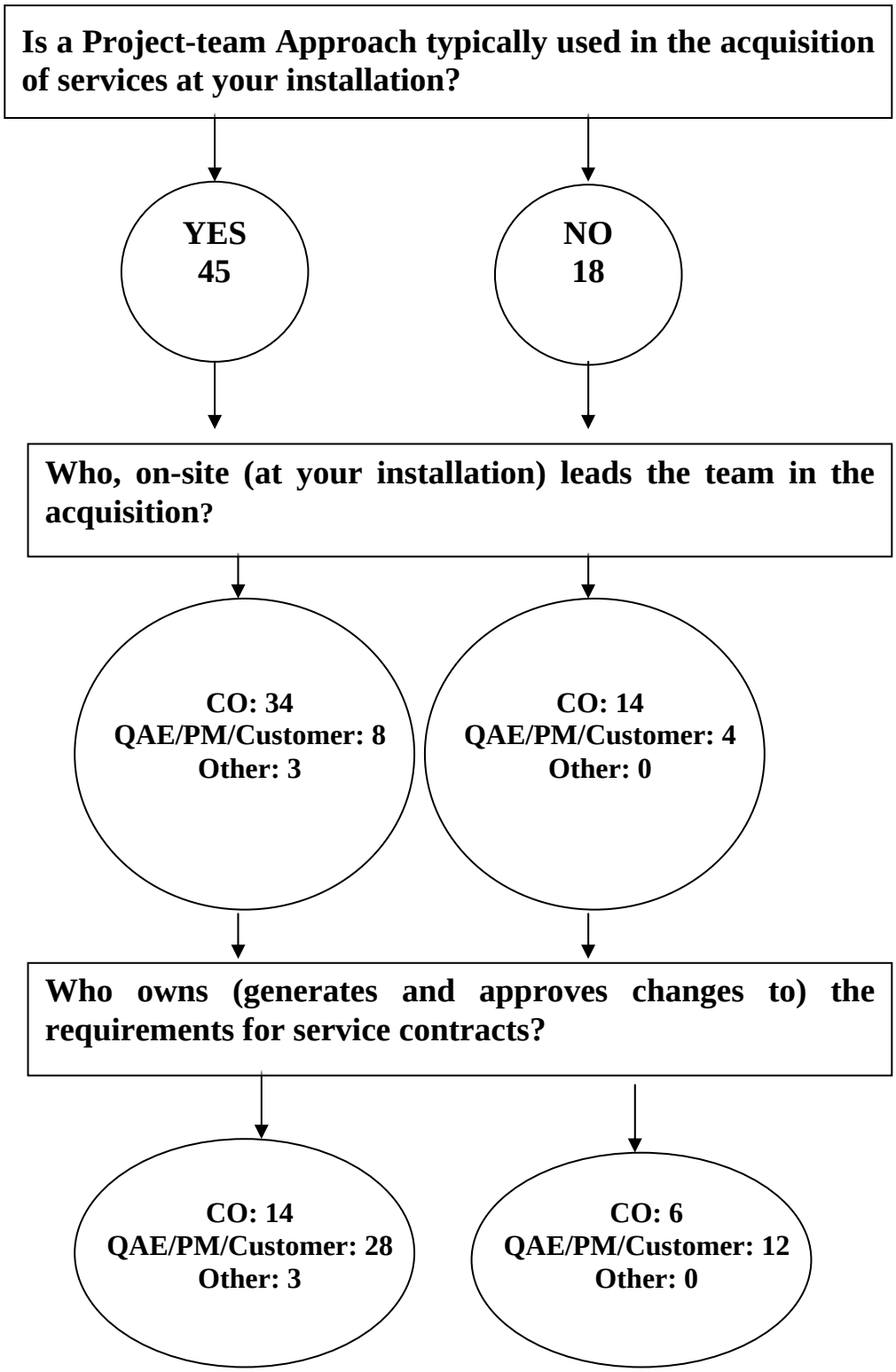

Figure 9. Professional, Administrative & Management Support Services Project Team Approach

3. Maintenance and Repair of Equipment

The numbers associated with the maintenance and repair of equipment PSC J, show that a competitive approach was used 63% to 68% of the time (FY03-08), while sole-source was used 15% to 19% of the time (FY03-08). Fixed-price contracts were used 60% to 71% of the time (FY03-08), while cost-type contracts were used 13% to 16% of the time (FY03-08). Incentives or Award Fees were used only 8% to 11% of the time (FY03-08). Maintenance and Repair of Equipment services were acquired at the installation level 74% to 79% of the time (FY03-08).

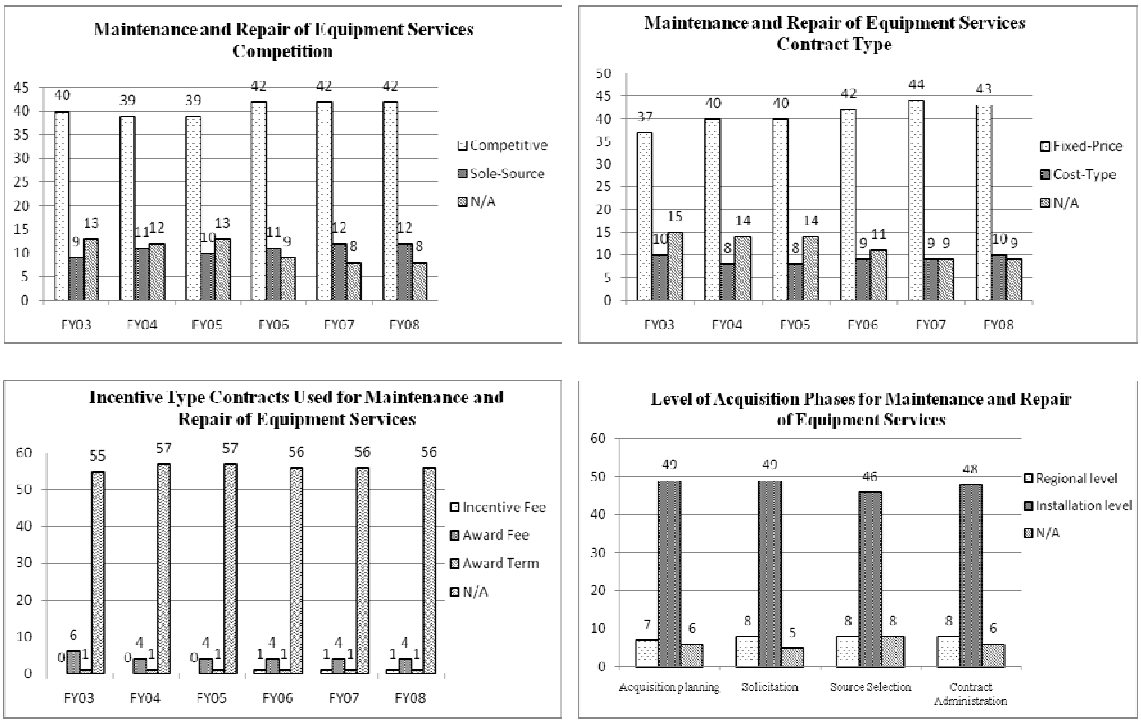

Figure 10. Maintenance and Repair of Equipment Services Core Question Recap

The data shows that a project team approach was used 66 % of time. Regardless of whether a project team approach was used in the acquisition of maintenance and repair of equipment services, the contracting officer led the acquisition 68% of the time while the customer owned the requirement 56% of the time.

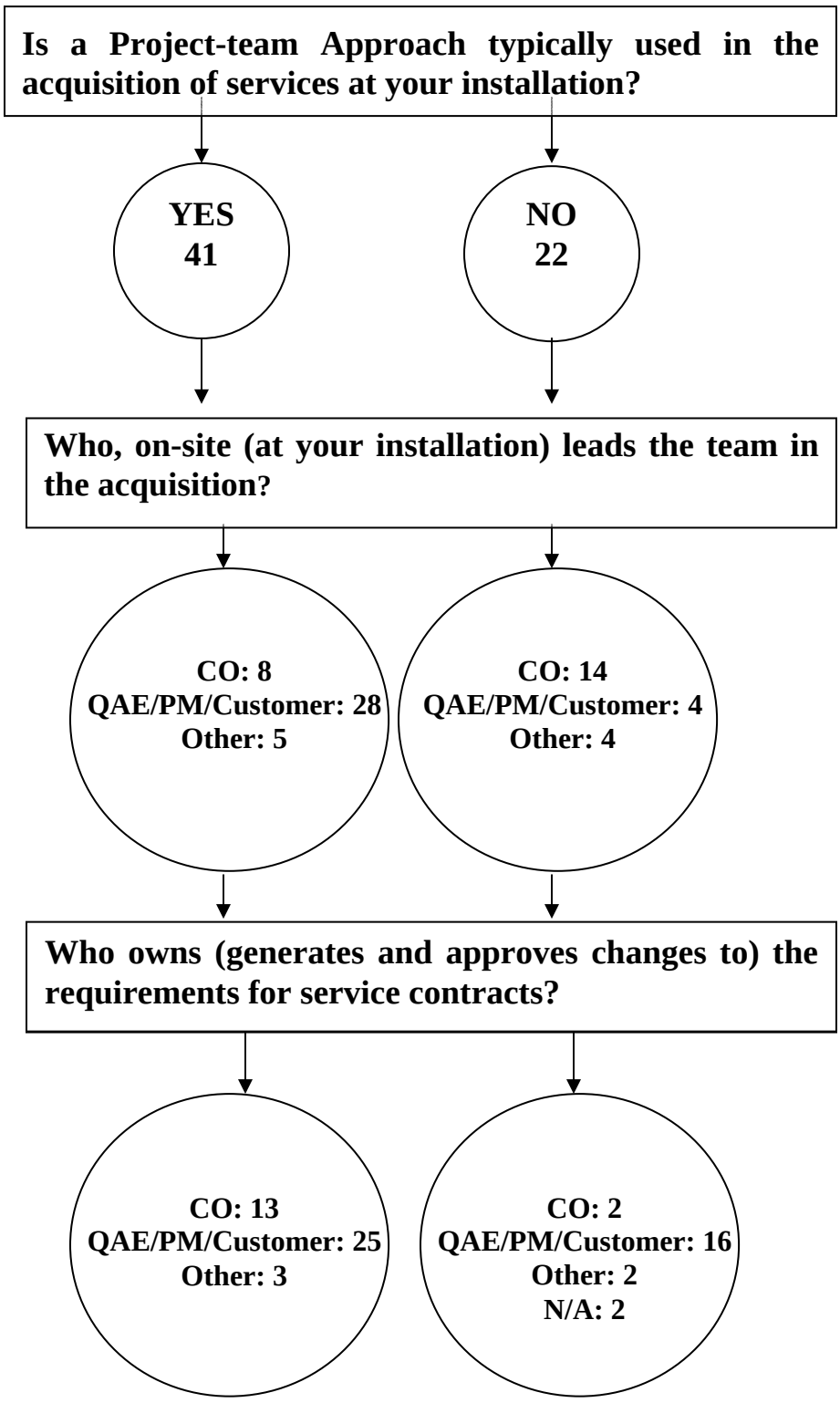

Figure 11. Maintenance and Repair of Equipment Services Project Team Approach

4. Data Processing and Telecommunications

By examining the numbers associated with the Data Processing and Telecommunications PSC D, it is clear that a competitive approach is used 64% to 74% of the time (FY03-08), while sole-source is used 7% to 8% of the time (FY03-08). Fixed-price contracts were used 62% to 71% of the time (FY03-08), while cost-type contracts were used 5% to 8% of the time (FY03-08). Incentives or Award Fees were used only 3% to 5% of the time (FY03-08). Data Processing and Telecommunications services were acquired at the installation level 59% to 67% of the time (FY03-08).

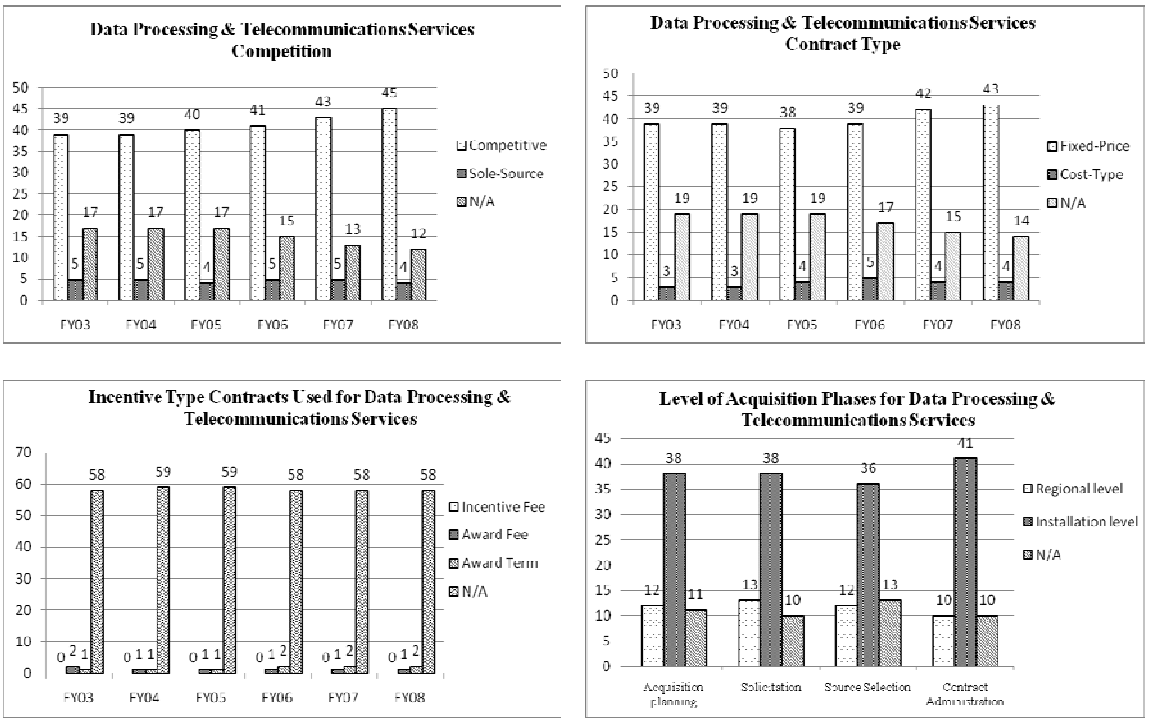

Figure 12. Data Processing and Telecommunications Services Core Question Recap

The data shows that a project team approach was used 66 % of time. Regardless of whether a project team approach was used in the acquisition of data processing and telecommunications services, the contracting officer led the acquisition 63% of the time while the customer owned the requirement 76% of the time.

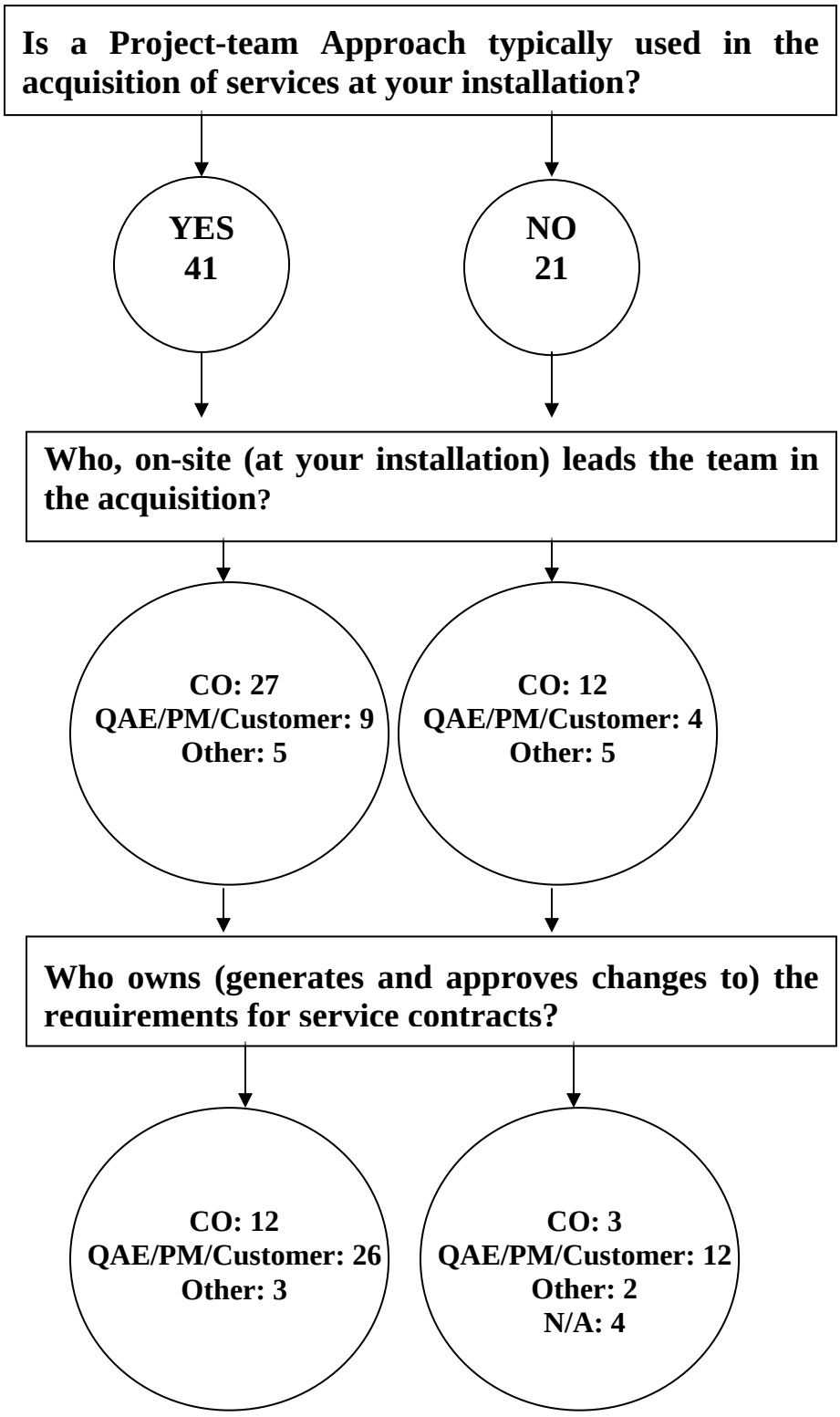

Figure 13. Data Processing and Telecommunications Services Project Team Medical

5. Medical

The numbers associated with the Medical Services PSC Q, show that a competitive approach was used 13% to 15% of the time (FY03-08), while sole-source was used 0% to 2% of the time (FY03-08). Fixed-price contracts were used 13% to 16% of the time (FY03-08), while cost-type contracts were used 0% of the time (FY03-08). Incentives or Award Fees were used 0% of the time (FY03-08). Medical services were acquired at the installation level 16% to 21% of the time (FY03-08).

The high percentage of not applicable responses data can be linked to the fact that medical services are not procured through the Army contracting centers, but rather through procurement officers working for the U.S. Army Medical Department (AMEDD). This is a service category that requires further research into how medical services are acquired. This recommendation is included in the final chapter of our report.

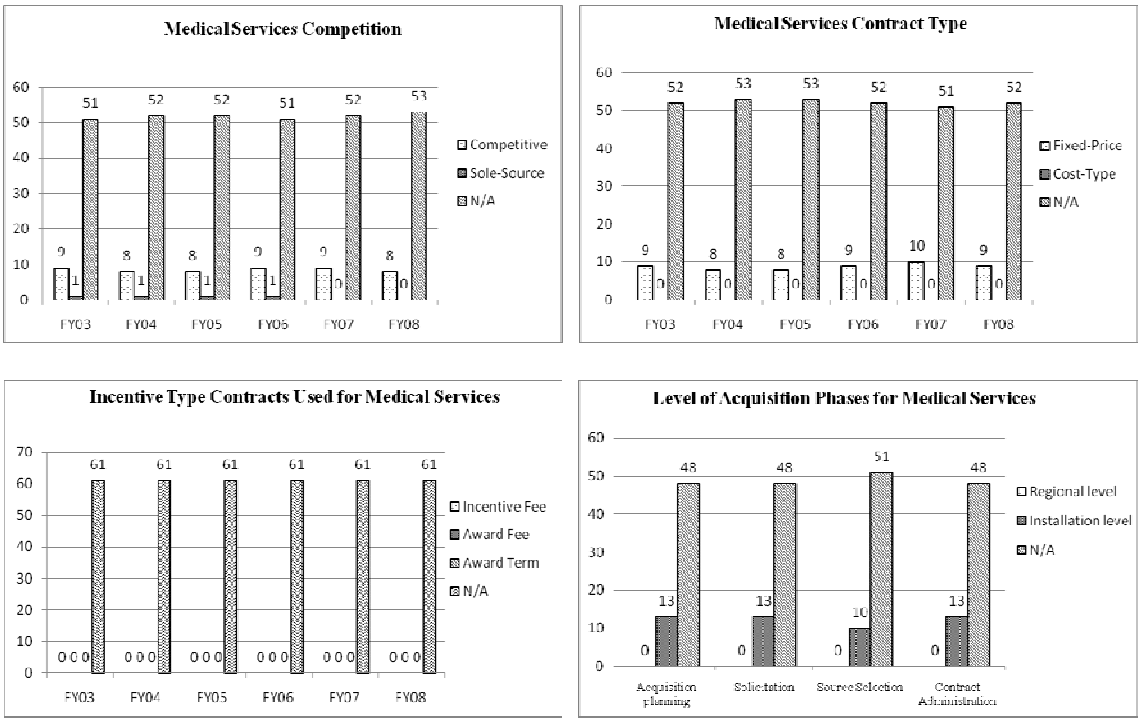

Figure 14. Medical Services Core Question Recap

This survey shows that a project team approach was used only 23% of time. Regardless of whether a project team approach was used in the acquisition of medical services, the contracting officer led the acquisition only 25% of the time while the customer owned the requirement 90% of the time.

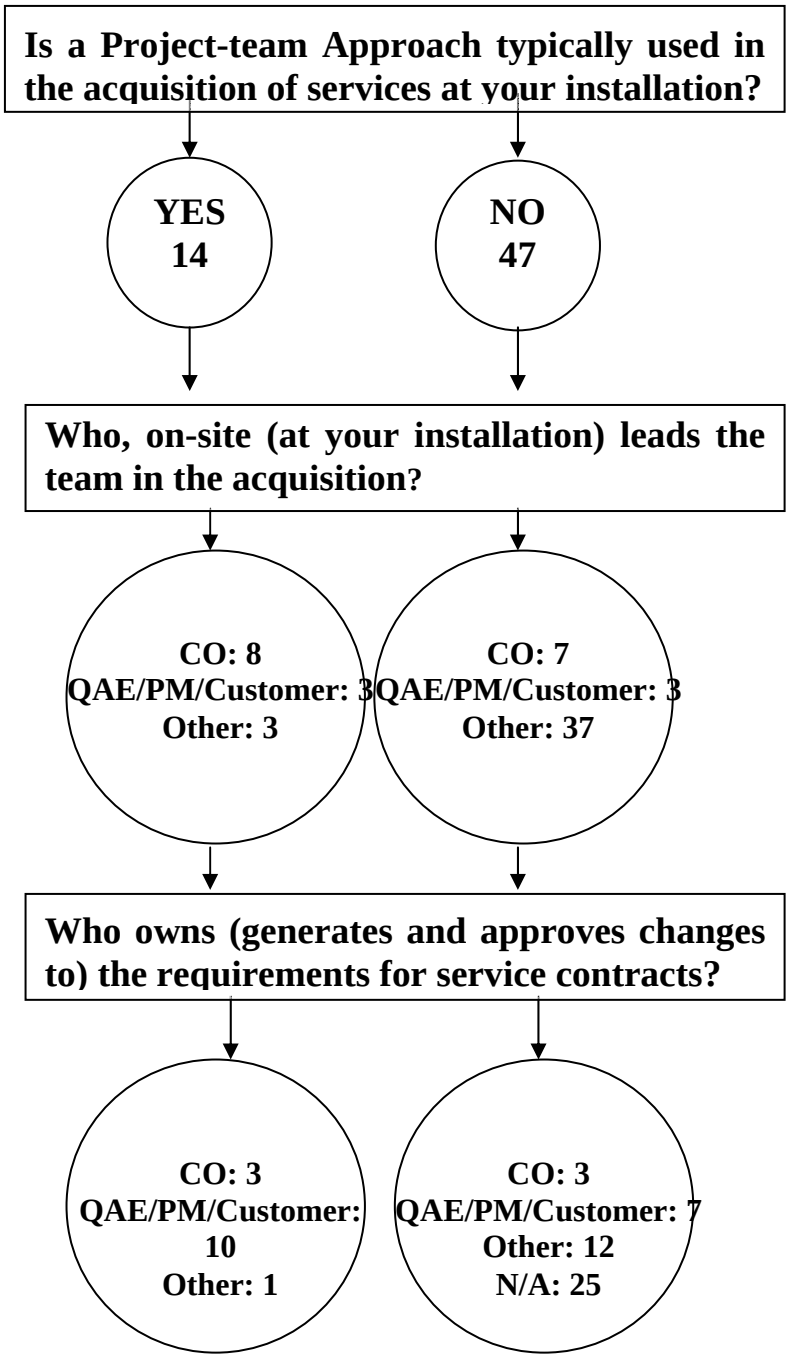

Figure 15. Medical Services Project Team Approach

6. Maintenance and Repair of Real Property

Examining the numbers associated with the Maintenance and Repair of Real Property PSC Z, it is evident that a competitive approach is used 66% to 71% of the time (FY03-08), while sole-source is used 3% to 7% of the time (FY03-08). Fixed-price contracts were used 61% to 66% of the time (FY03-08), while cost-type contracts were used 8% to 12% of the time (FY03-08). Incentives or Award Fees were used only 7% to 10% of the time (FY03-08). Maintenance and Repair of Real Property services were acquired at the installation level 72% to 77% of the time (FY03-08).

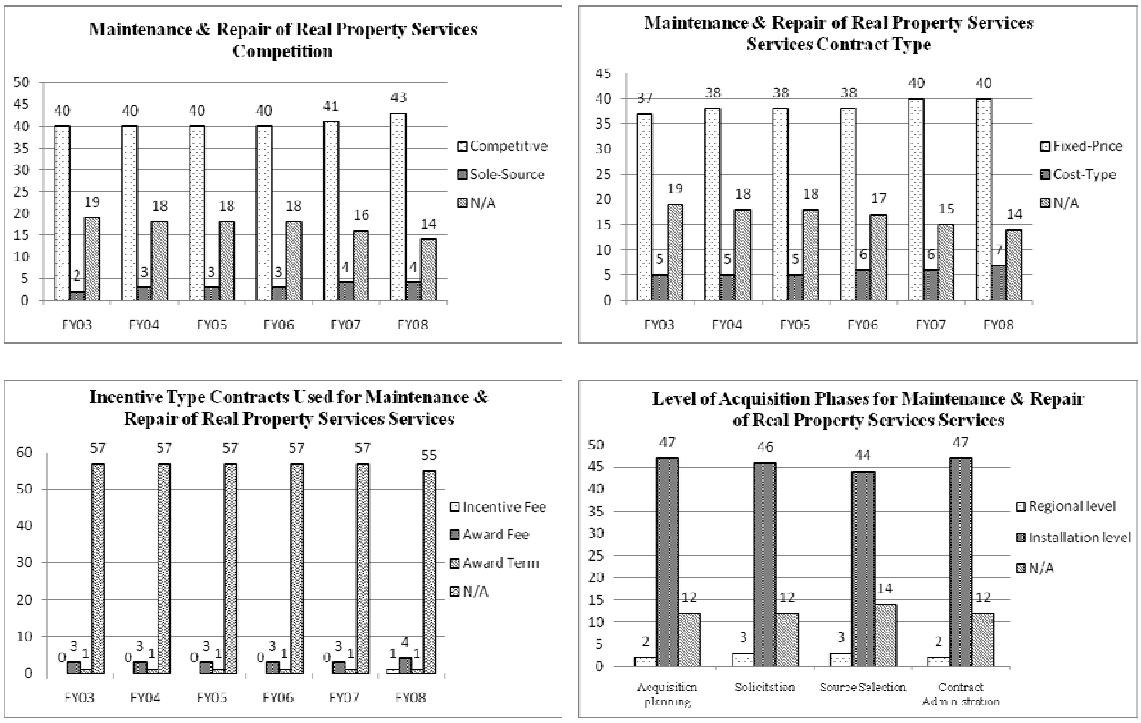

Figure 16. Maintenance and Repair of Real Property Services Core Question Recap

After examining the results of the survey, the data shows that a project team approach was only used 61 % of time. Regardless of whether a project team approach was used in the acquisition of maintenance and repair of real property services, the contracting officer led the acquisition 59% of the time while the customer owned the requirement 82% of the time.

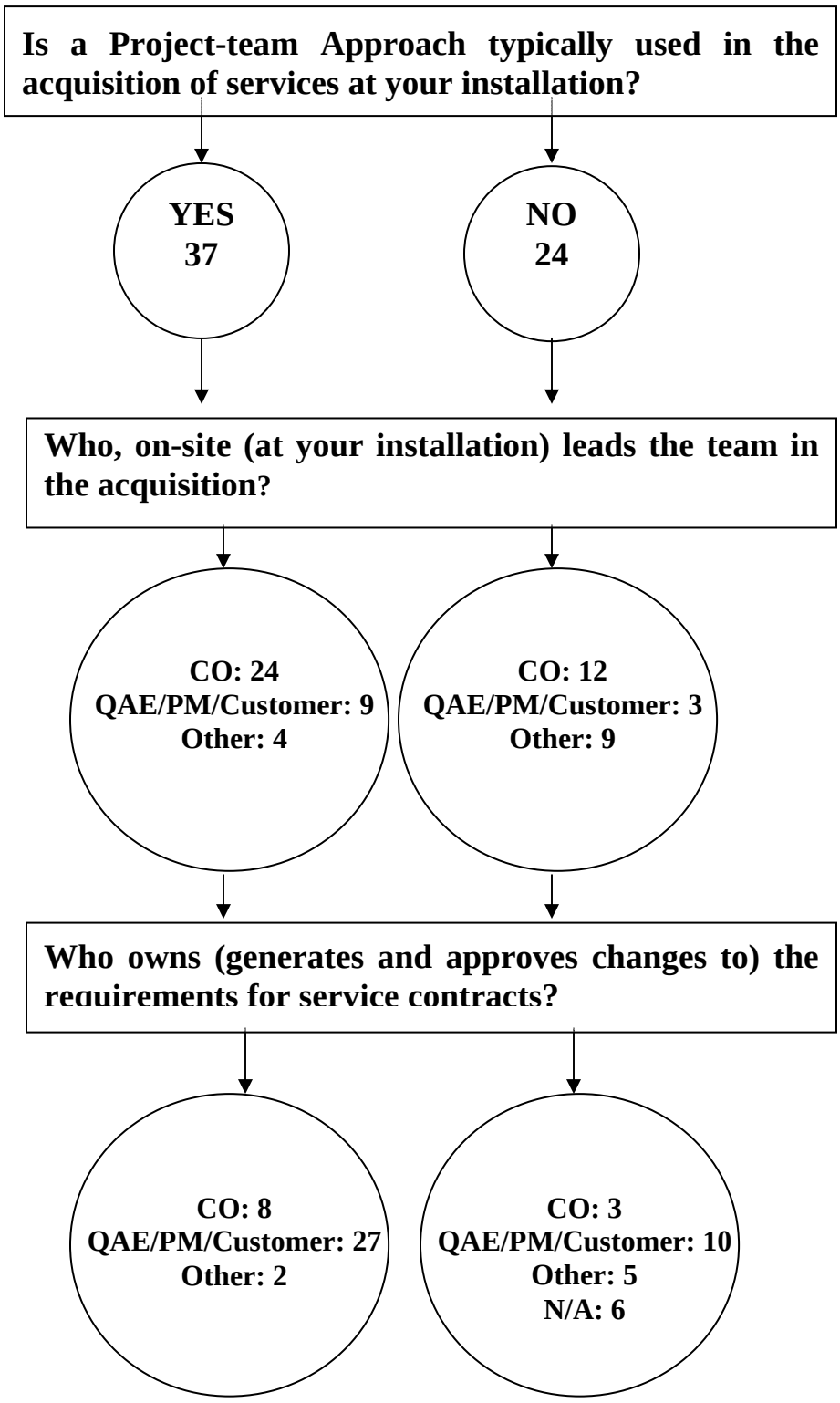

Figure 17. Maintenance and Repair of Real Property Project Team Approach

7. Utilities and Housekeeping

Examining the numbers associated with the utilities and housekeeping PSC S, shows that a competitive approach is used 44% to 51% of the time (FY03-08), while sole-source is used 16% to 21% of the time (FY03-08). Fixed-price contracts were used 59% to 62% of the time (FY03-08), while cost-type contracts were used 2% of the time (FY03-08). Incentives or Award Fees were used only 3% of the time (FY03-08). Utilities and housekeeping services were acquired at the installation level 56% to 67% of the time (FY03-08).

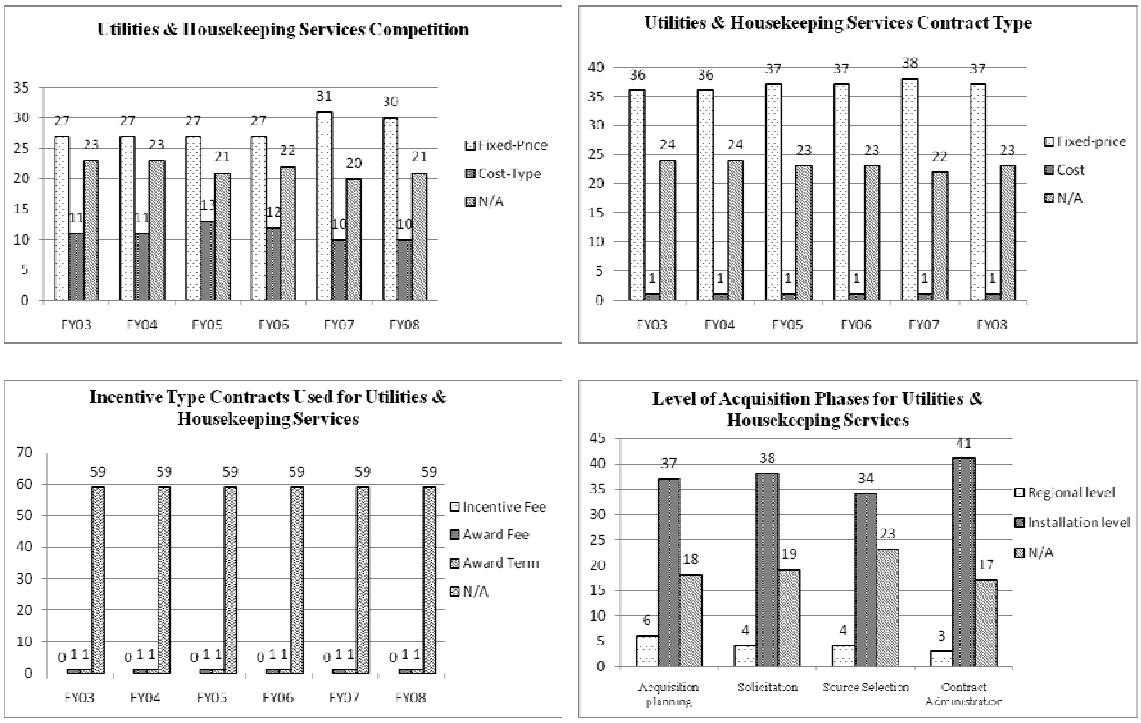

Figure 18. Utilities and Housekeeping Services Core Question Recap

After examining the results of the survey, the data shows that a project team approach was only used 61 % of time. Regardless of whether a project team approach was used in the acquisition of utilities and housekeeping services, the contracting officer led the acquisition 52% of the time while the customer owned the requirement 85% of the time.

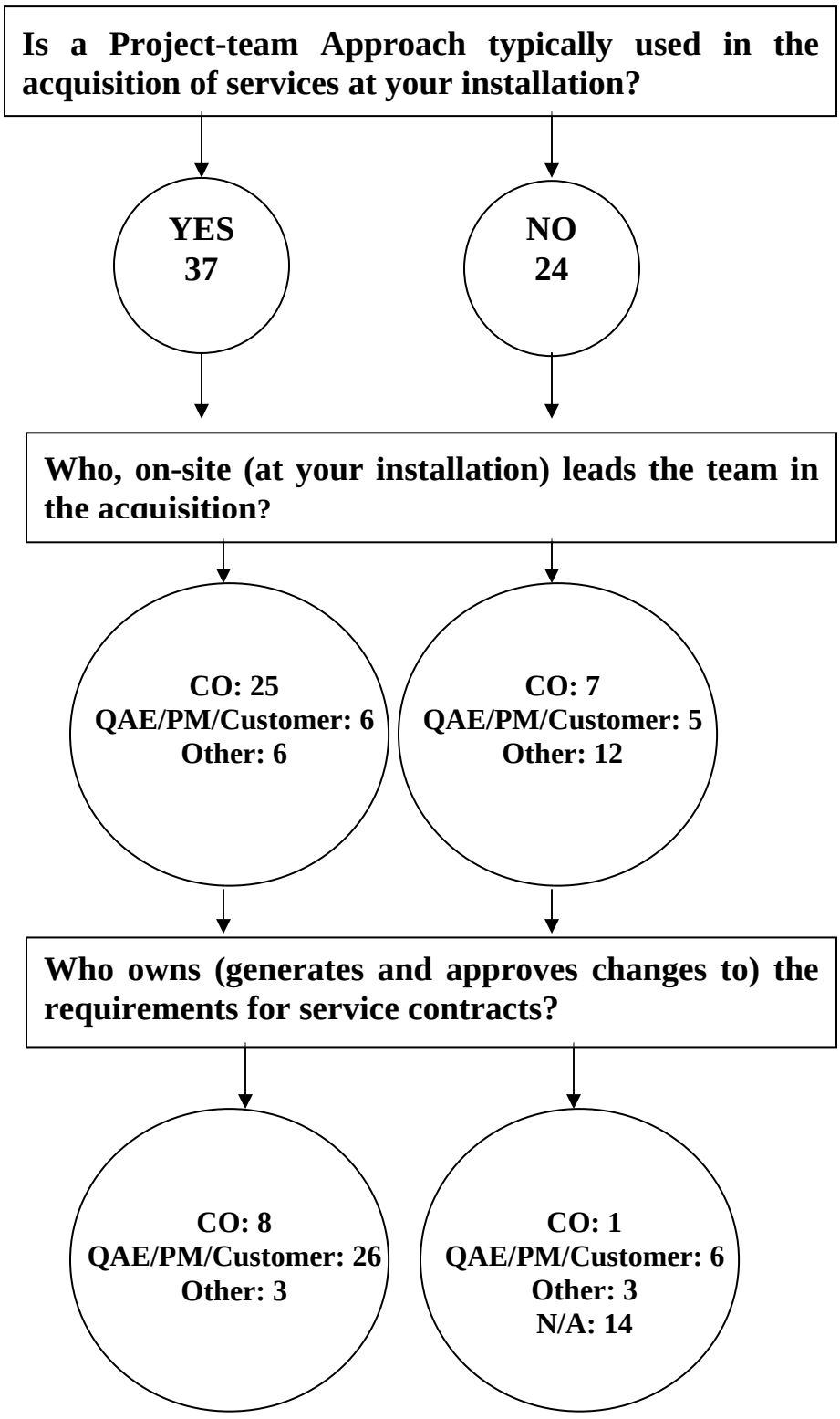

Figure 19. Utilities and Housekeeping Project Team Approach

8. Transportation and Travel

Examining the numbers associated with the transportation and travel PSC V, shows that a competitive approach is used 41% to 46% of the time (FY03-08), while sole-source is only used 3% to 5% of the time (FY03-08) and N/A was selected 51% to 54% of the time (FY03-08). Fixed-price contracts were used 44% to 49% of the time (FY03-08), while cost-type contracts were used 0% of the time (FY03-08) and N/A was selected 51% to 56% of the time (FY03-08). Incentives or Award Fees were used less than 1% of the time (FY03-08). Transportation and Travel services were acquired at the installation level 44% to 51% of the time (FY03-08).

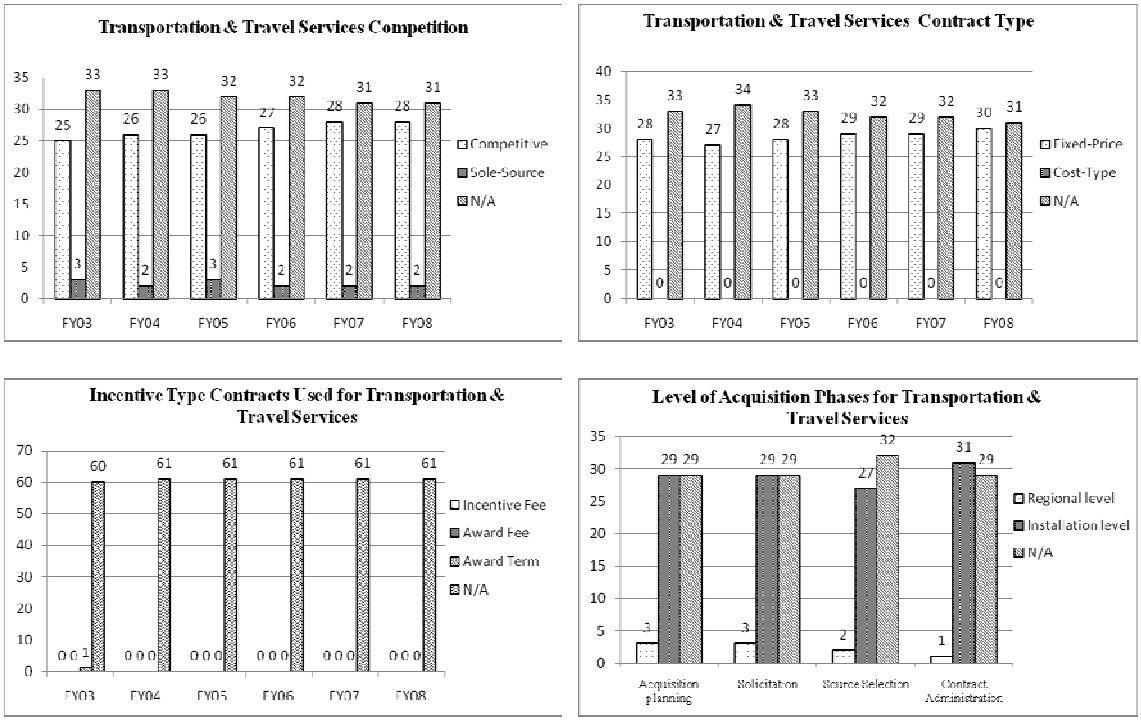

Figure 20. Transportation and Travel Core Question Recap

After examining the results of the survey, the data shows that a project team approach was only used 49% of the time. Regardless of whether a project team approach was used in the acquisition of transportation and travel services, the contracting officer led the acquisition 44% of the time while the customer owned the requirement 85% of the time.

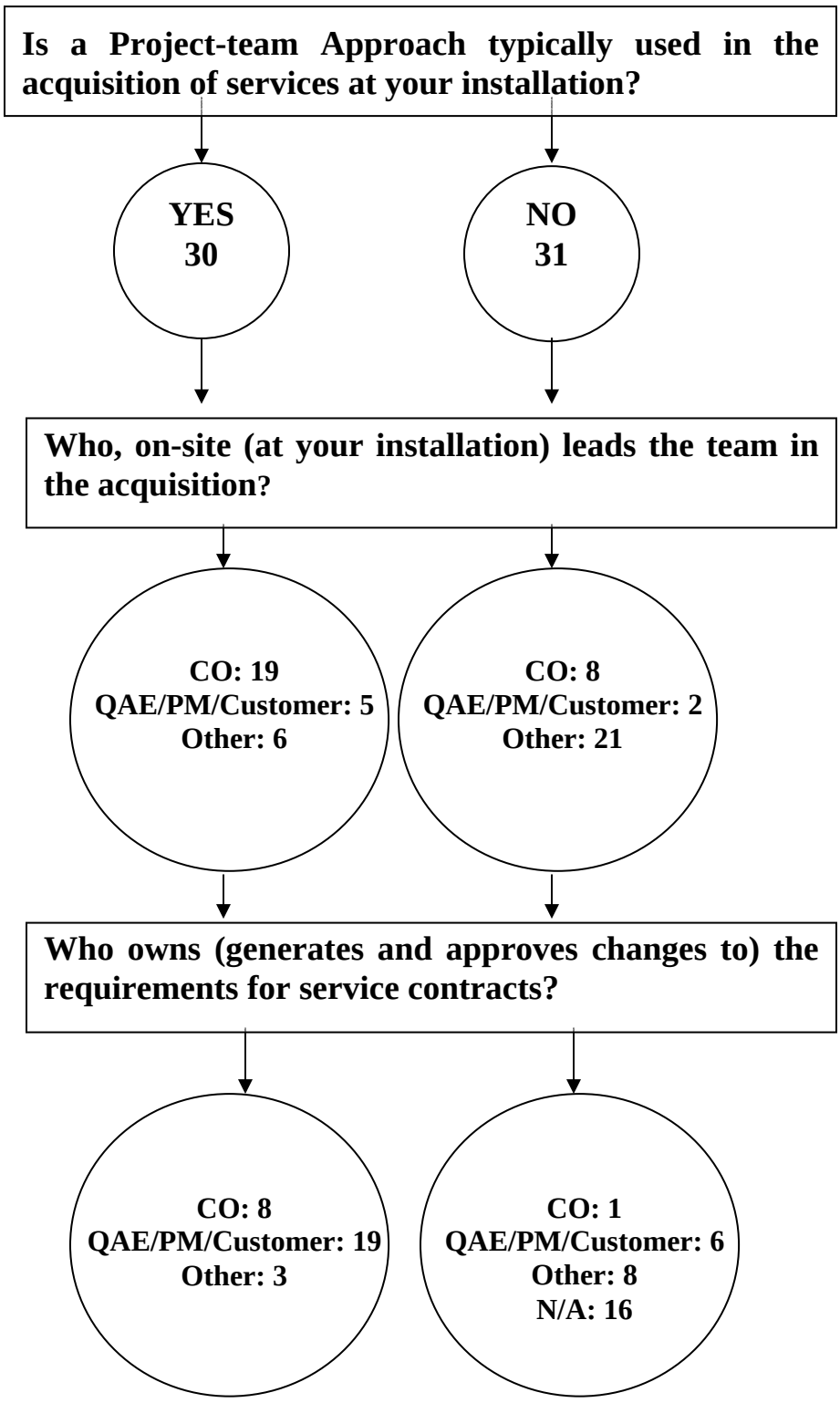

Figure 21. Transportation and Travel Project Team Approach

9. General Survey Questions

The final portion of this survey covered general questions concerning the acquisition of services at the installation level throughout the Army. According to the results, the contracting officer writes and awards contracts for services 59% of the time. When asked who was responsible for surveillance at the installation, the results showed that there was little consistency among the respondents with none of the choices selected more than 30% of the time. Results for training showed that 57% of the respondents had received Defense Acquisition Workforce Improvement Act (DAWIA) certified training, while only 7% of staff members had QAS Phase II training. Results for the question regarding COR/QAE length of service in their position showed that 87% of QAE/CORs have over a year in their current position, while the remaining 13% had between 6 to 12 months in their position

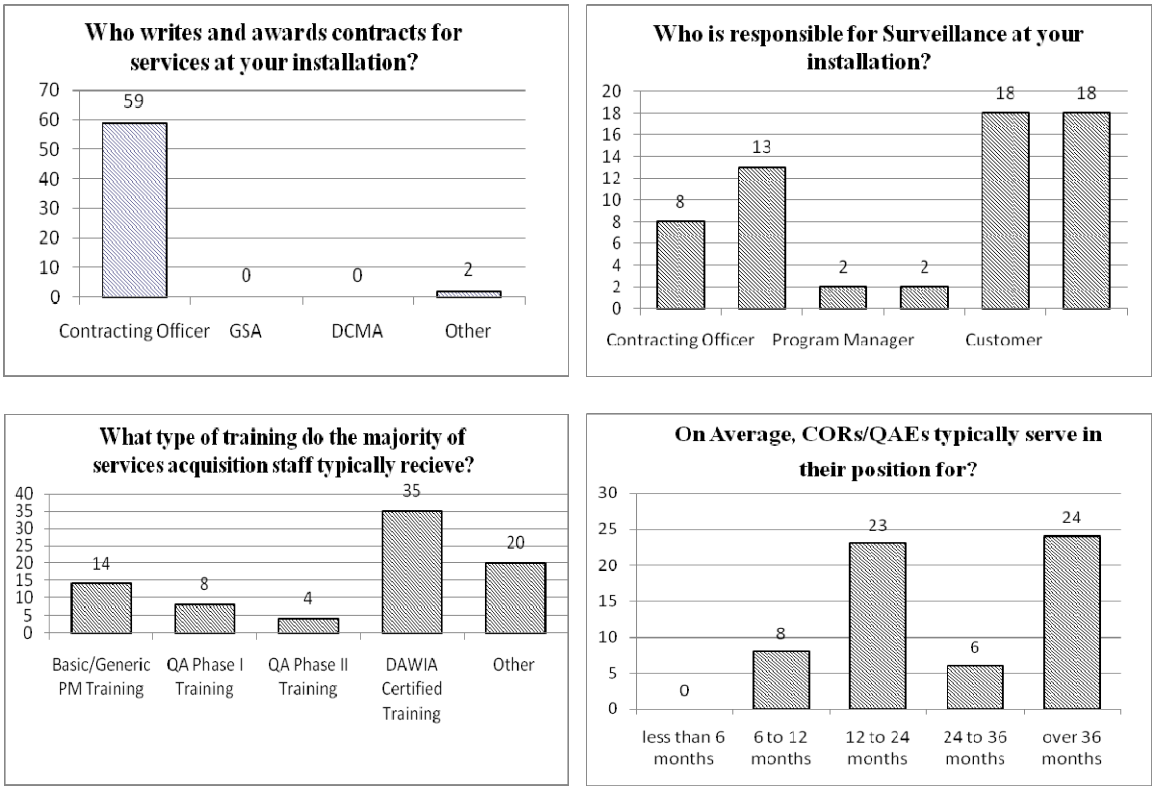

Figure 22. General Survey Questions

10. Likert Scale Questions

After conducting an analysis of the 12 Likert Scale statements, several issues were identified. Responses indicated that the number of authorized acquisition staffing positions within the Army were insufficient as well as inadequately filled. Respondents also indicated that adequate oversight was not afforded to monitor contractor performance. Lastly, the survey indicates that QAEs submitted contractor surveillance reports approximately 50% of the time.

The first two Likert Scale statements dealt with the use of a life-cycle approach for the acquisition of routine and non-routine services. A lifecycle approach was used by respondents 40% of the time for the acquisition of routine services. For non-routine services, a lifecycle approach was used by respondents only 21% of the time.

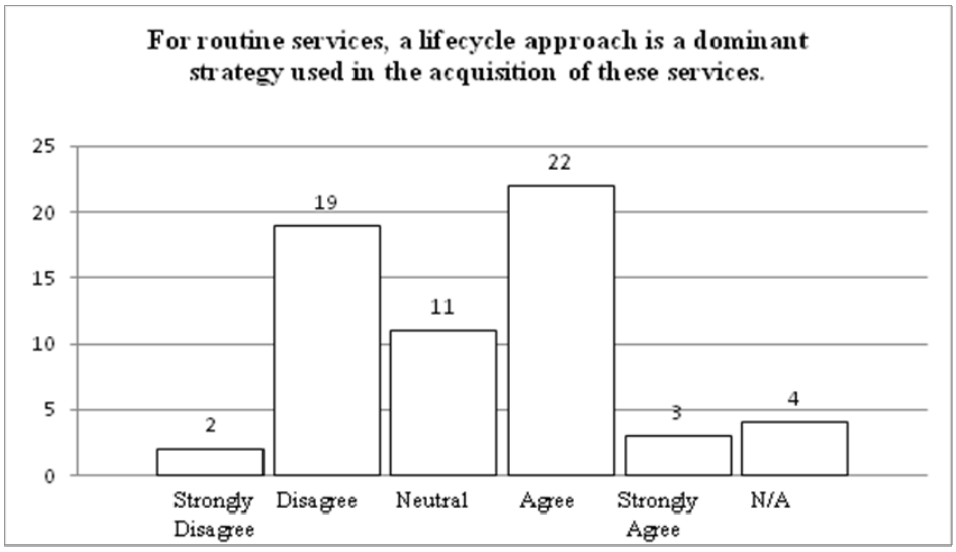

Figure 23. Lifecycle approach for routine services

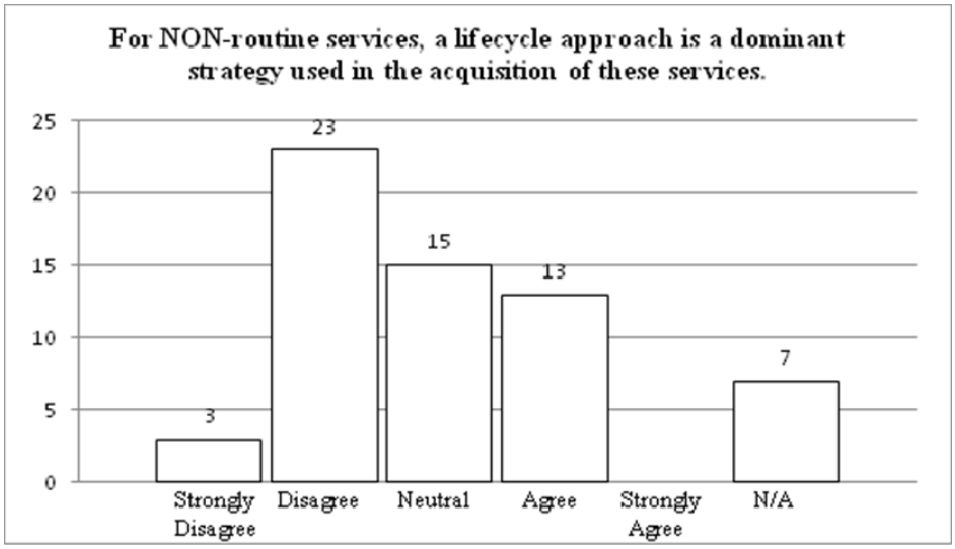

Figure 24. Lifecycle approach for non-routine services

The next Likert Scale statement dealt with assignment length for QAE/CORs. Asked if CORs/QAEs at their installation serve in short-term assignments of 18 months or less, 44% of respondents either disagreed or strongly disagreed.

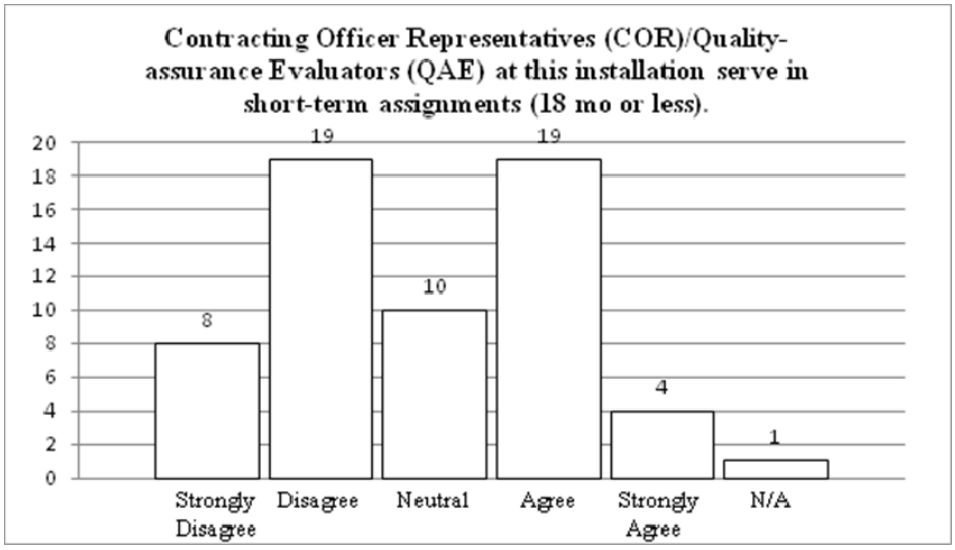

Figure 25. Short Term Assignments

The fourth Likert Scale statement dealt with whether or not market research was conducted at respondents' installations. Respondents either agreed or strongly agreed that market research was being conducted 82% of the time. Just nine respondents either strongly disagreed or disagreed.

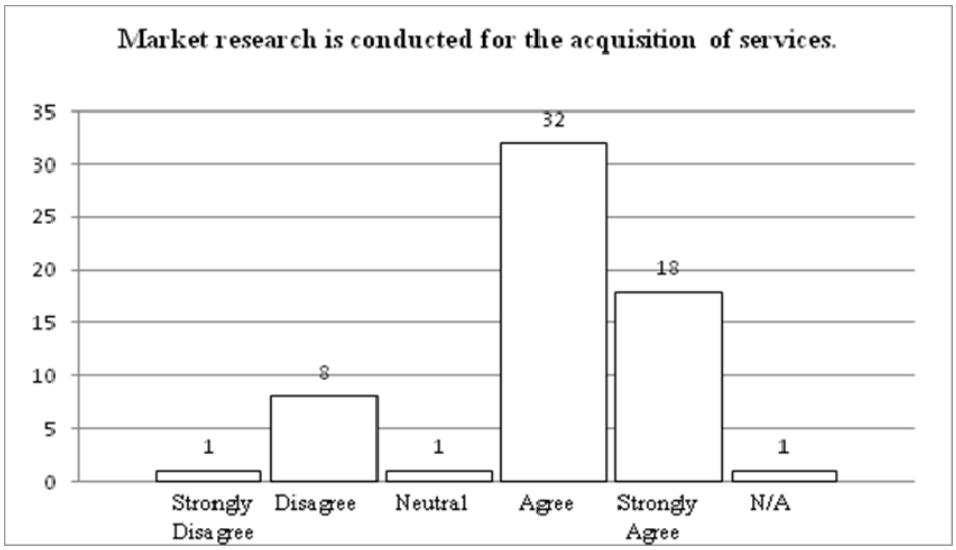

Figure 26. Market Research Conducted

The next two Likert statements examined manning issues on the respondents' installations. The first statement asked if there were enough authorized positions within their organizations to complete their missions. The second statement asked if those positions the respondents were authorized, were adequately filled. The survey showed that 77% of respondents felt their organization had insufficient services acquisition staff positions, while 65% of respondents thought their authorized staff positions were inadequately manned. As discussed in Chapter II, the amount of services contracts for the DoD continues to grow, while staffing required to administer these contracts lags behind.

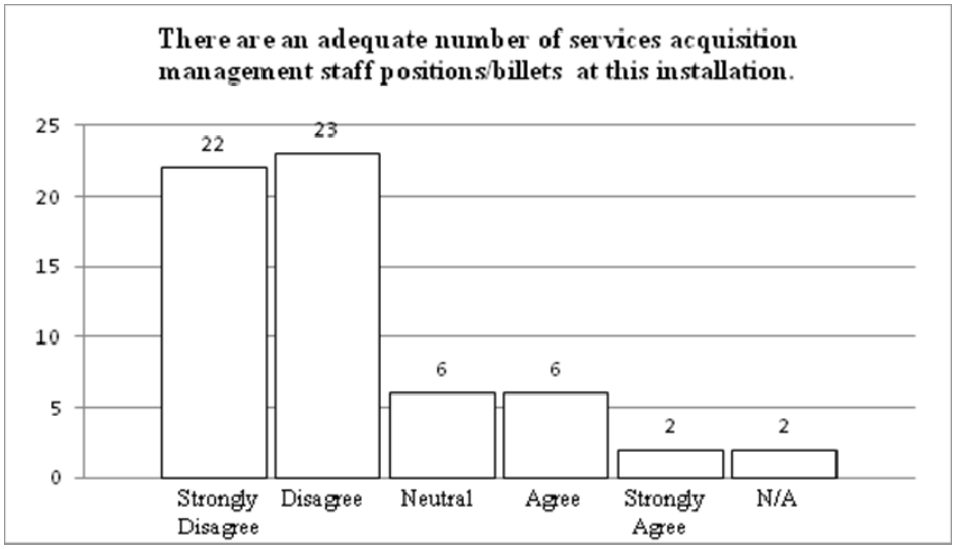

Figure 27. Adequate Staffing

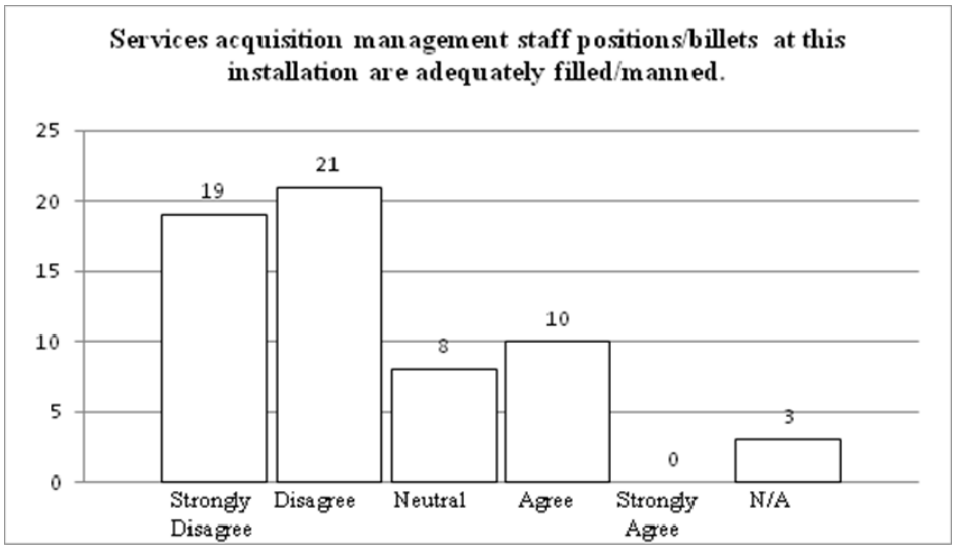

Figure 28. Positions Adequately Filled

The next two Likert scale statements focus on the training and qualifications of the acquisition workforce. The first statement examines if acquisition staff members were adequately trained. The second statement asks if acquisition staff members were adequately qualified. Just 39% of respondents agreed that the acquisition workforce were adequately trained, while 45% of respondents agreed that acquisition staff members were adequately qualified.

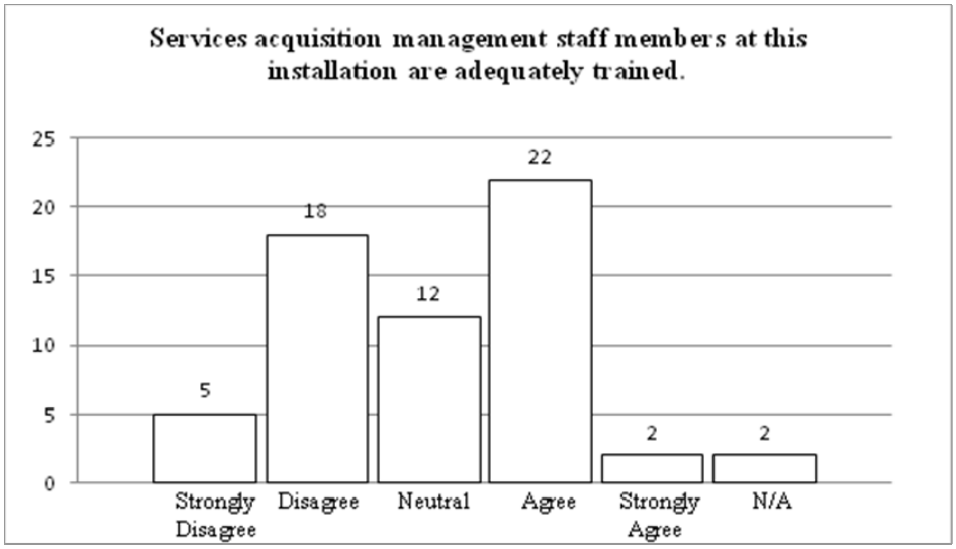

Figure 29. Staff Training Received

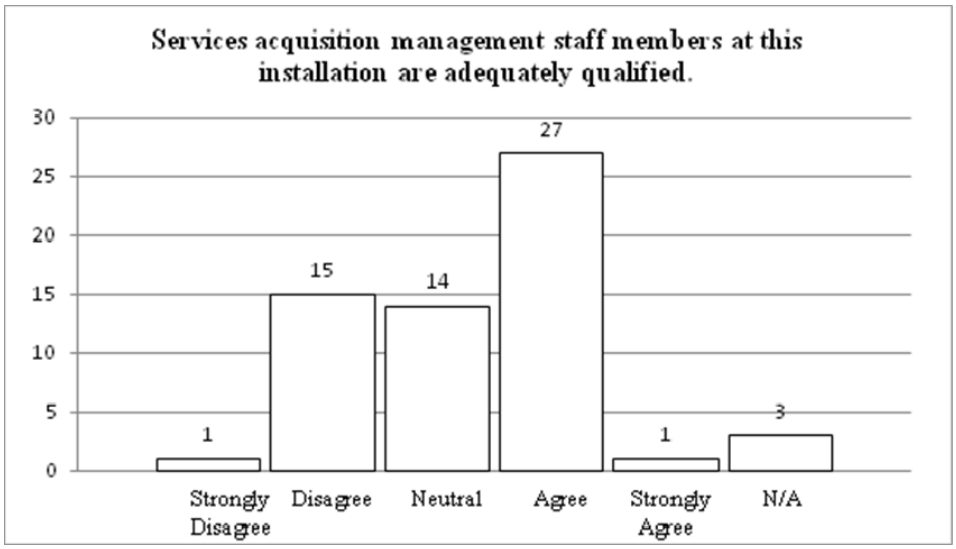

Figure 30. Staff Qualifications

The next Likert scale statement dealt with customer responsibilities. The statement asked if the customer was writing the Statements of Work (SOW) or Statements of Objective (SOO) for services contracts. Respondents agreed 83% of the time that the customer who identified a service requirement was generating the necessary documents. Just five respondents disagreed.

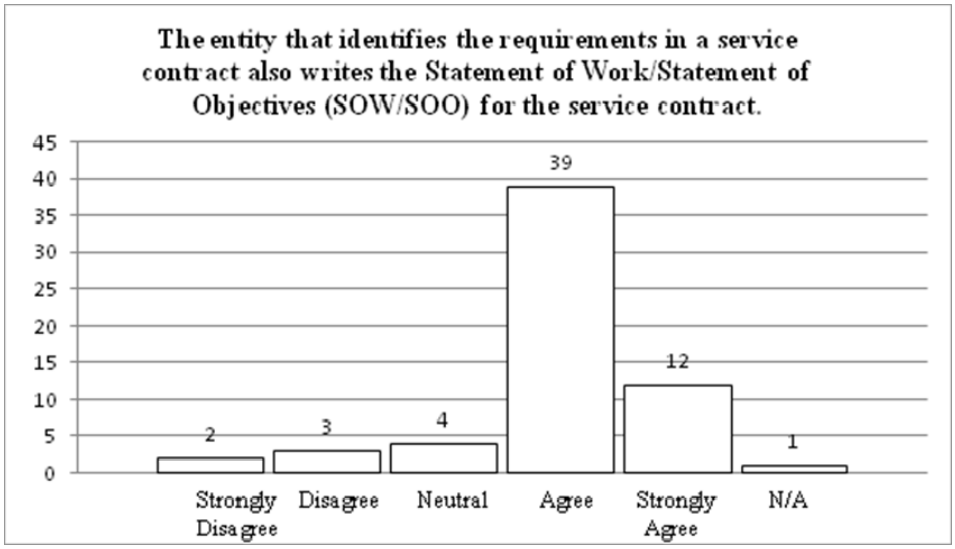

Figure 31. Identifying Requirement/Writing SOW

The next two Likert scale statements dealt with QAE training and reporting. Respondents agreed 67% of the time that QAEs received formal or documented training prior to assuming duties as a QAE. One such duty is submitting written reports regarding the performance/quality of work of contractors to the regional contracting officer or office for each service contract. Respondents agreed this happened only 37% of the time.

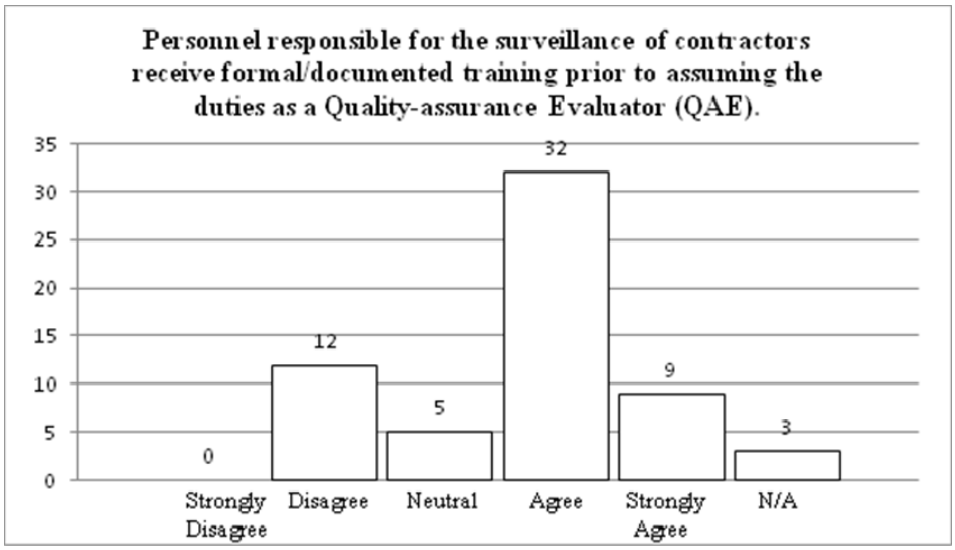

Figure 32. Surveillance Training Received as QAE

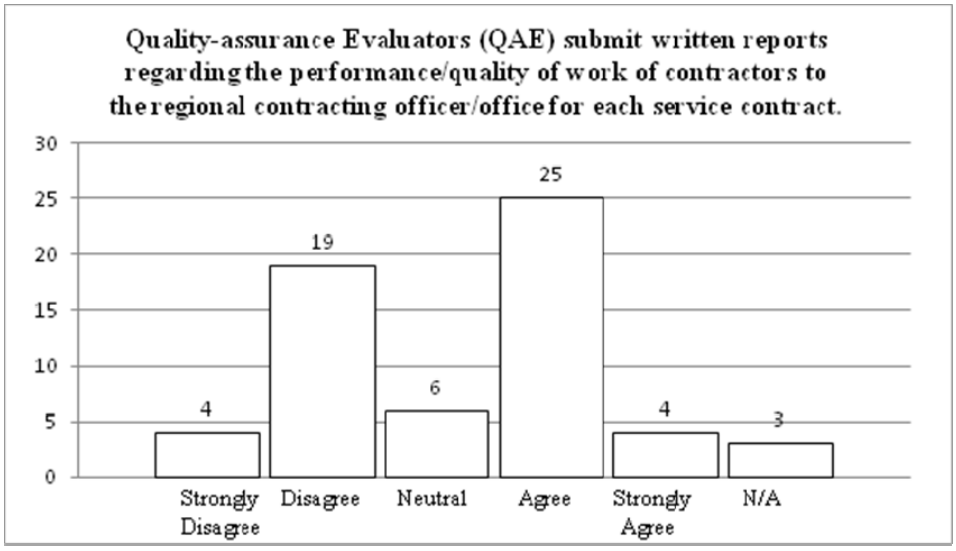

Figure 33. QAE Reporting

The final Likert scale statement dealt with the oversight afforded to monitor contractor performance on services contracts. Respondents felt proper oversight was occurring just 23% of the time.

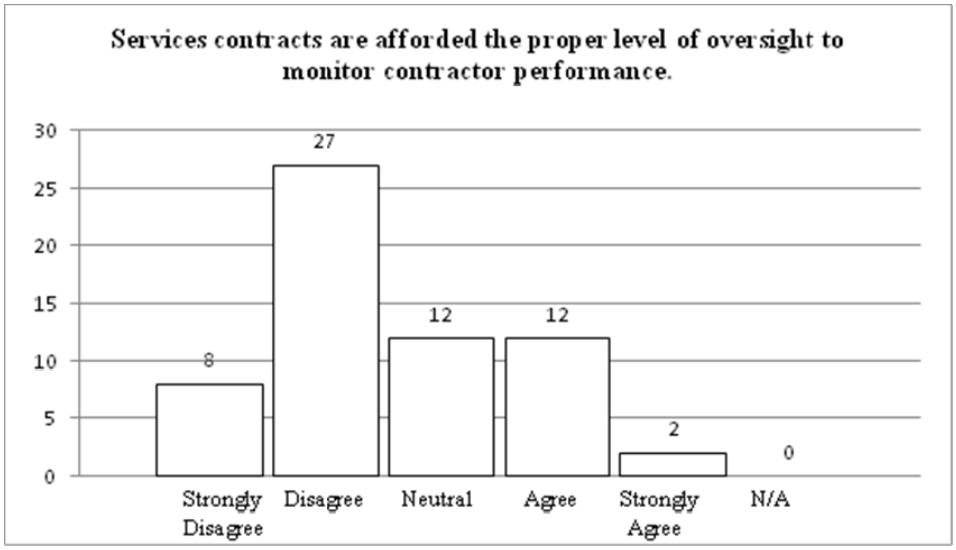

Figure 34. Level of Oversight

E. SUMMARY OF SURVEY RESULTS

The cumulative results of our research on contract characteristics are displayed in Table 3. The data shows that the Army is using competitively bid contracts and fixed-price contracts a majority of the time, and that the frequency of these type contracts has continually increased over the past six years. The results also show that contract incentives are rarely utilized.

Table 3. Contract Characteristics Summary

	Degree of Competition			Contract Type			Contract Incentive			
	Competitive	Sole Source	N/A	Fixed	Cost	N/A	Incentive Fee	Award Fee	Award Term	N/A
FY03	58%	10%	32%	58%	8%	34%	0%	6%	2%	92%
FY04	59%	10%	31%	60%	7%	33%	0%	5%	1%	93%
FY05	59%	10%	30%	60%	7%	33%	1%	5%	1%	93%
FY06	62%	10%	28%	63%	8%	29%	1%	5%	2%	92%
FY07	65%	10%	25%	65%	8%	27%	1%	6%	2%	91%
FY08	66%	10%	24%	66%	8%	26%	1%	6%	2%	91%

*Medical services are not included in the table above.

The cumulative results of the research on contracting organization level are displayed in Table 4. The data shows that the majority of the work throughout each acquisition phase was conducted at the installation level. This gives the contracting officer a better understanding of the customers' needs and therefore allows them to provide more efficient and effective services.

Table 4. Contracting Organization Level Summary

Acquisition Phase	Organization Level		
	Regional	Installation	N/A
Acquisition Planning	11%	67%	22%
Solicitation	12%	66%	22%
Source Selection	11%	62%	27%
Contract Administration	9%	70%	21%

The cumulative results of the research on the utilization of a project team approach are displayed in Table 5. The data shows that a project team approach was used

62% of the time. However, regardless of whether a project team approach was used, 61% of the respondents said that the contracting officer leads the team. The table also shows that the customer owns the requirement, regardless of whether or not a project team approach was used, 75% of the time.

Table 5. Project Team Approach Summary

No. of Organizations	Organizations Using Project Team Approach				
		Who leads acquisition?		Who owns requirments?	
	Sub Total	Contracting Officer	Other (PM, QAE)	Contracting Officer	Customer (PM, QAE)
61	38	26	12	10	28
No. of Organizations	**Organizations Not Using Project Team Approach**				
		Who leads acquisition?		**Who owns requirments?**	
	Sub Total	Contracting Officer	Other (PM, QAE)	Contracting Officer	Customer (PM, QAE)
61	23	11	12	5	18

F. SUMMARY

This chapter provided the results of the survey and shows the current state of acquisition management of services contracting throughout the Army. This chapter focused on the responses to our 81-question, web-based survey. The survey had 61 responses, or a 75% response rate.

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V. CONCLUSIONS AND RECOMMENDATIONS

A. INTRODUCTION

This chapter provides answers to the research questions, recommendations to the Army Contracting Command, ways to improve the survey and areas to consider for further research.

B. CONCLUSIONS

1. Service Types and Annual Expenditures

To answer the first research question, *what types of services are typically contracted for at Army installations and what is the annual expenditure for these services*, the FPDS database was used to analyze how much the Army spends annually on all of the various service categories. This database was used to pull up the most recent data, which was the FY 2008 data. Table 6 shows that the Army spent over $40 billion on the seven service categories listed. This represents over 67% of the dollars the Army spent on all services, not including construction costs, in FY 2008.

Table 6. Army Expenditures by PSC for FY2008 (FPDS, 2009)

PSC Category (Description)	FY08$M
R - Professional, admin, & mngt support	$23,914
Z- Maintenance & repair of real property	$4,631
J - Maintenance & repair of equipment	$3,994
D- Data processing and telecom	$3,116
S - Utilities & housekeeping	$3,071
Q - Medical	$896
V - Transportation	$446

2. Types of Acquisition Strategies, Procurement Methods, and Contracts

To answer the second research question, *what type of acquisition strategies, procurement methods, and contracts are being used to acquire services*, responses from

the survey questions that pertained to the dominant contract characteristics and the dominant services acquisition management methods were analyzed. The results show that the acquisition management phases (acquisition planning, solicitation, source selection, and contract administration) are conducted at the installation level over 60% of the time. The data also shows that the majority of contracts are competitively bid, fixed priced, and rarely include incentives. This holds true for all service categories except for medical. Most respondents did not have experience contracting for medical services, which lead to an overwhelming number of not applicable responses.

3. Management of Service Contracts

To answer the third research question, *how are these service contracts managed*, the questions regarding acquisition services management and services acquisition leadership and staffing were analyzed. The data shows that a lifecycle approach is used more often for the acquisition of routine services than it is for the acquisition non-routine services. Lifecycle approach is used approximately 40% of the time for the acquisition of routine services, versus only 21% of the time when acquiring non-routine services. In addition, the respondents overwhelmingly disagreed that their organization had sufficient acquisition positions, and also disagreed that those positions were adequately filled. This data supports the GAO reports that as the acquisition of services increases on an annual basis, the acquisition workforce is not adequately manned to meet this growing demand.

4. Organization/Management Structures Used to Manage Services

To answer the fourth research question, *what type of organization/management structures are used to manage contracted services* the questions regarding services acquisition management methods and services acquisition leadership, were analyzed. The survey results show that the acquisition management phases (acquisition planning, solicitation, source selection, and contract administration) are conducted at the installation level over 60% of the time. The data also shows that 62% of the respondents' organizations utilize a project team approach; however, 68% of the respondents said that the contracting officer leads the team. In addition to leading the acquisition team, the

contracting officer writes and awards the contract. While the contracting officer often leads the acquisition team, the data shows that the customers generates the requirement through writing the statement of work (SOW) approximately 83% of the time.

5. Project/Program Management Staff Training

To answer the final research question, *what training does contract and project/program management staff receive,* the survey questions concerning services acquisition management methods and services acquisition leadership were examined. The data from these questions indicate services acquisition members are inadequately trained. Only 39 respondents agreed that the acquisition workforce was adequately trained, while just 45% of the respondent agreed the workforce was adequately qualified. Although a large percentage of the respondents did not agree that the workforce was adequately qualified, the results show that contracting personnel are receiving training of some sort. There were numerous comments provided for the question regarding the type of training received. These comments included a range of answers from "none, learn by doing" to "whatever is offered on-line." Additionally, QAEs are receiving formal documented training 67% of the time, although they are only submitting required written reports on contractor performance 47% of the time.

C. RECOMMENDATIONS

1. Recommendations to the Army Contracting Command

To improve the management of services acquisition, the first recommendation is to increase the effectiveness and availability of training to ensure a qualified acquisition workforce. Based on the results from the research, respondents indicated that only 39% agreed that the acquisition workforce was adequately trained. In addition, only 45% of respondents agreed that acquisition staff members were adequately qualified. Respondents also provided numerous negative comments regarding the poor quality and the lack of training.

Another recommendation to improve the overall management of services acquisition is to increase the size of the acquisition workforce, reversing the downsizing trend that began in the 1990s. The results of this research, as indicated in Figure 34, show that the number of CORs/QAEs also needs to be increased. Respondents agreed that proper oversight was occurring just 23% of the time. Increasing the size of the workforce will allow for better oversight, and help ensure that contractor performance is properly monitored.

Another recommendation is to maintain the positive trend of increasing the number of competitively bid, fixed-price contracts as depicted in Table 2. These types of contracts promote competition, which ensures the Government gets the right services at the best value. Fixed-price contracts shift the risk of cost overruns away from the Government and onto the contractor. This also serves to incentivize the contractor to complete tasks within budget.

2. Survey Improvement

The first recommendation to improve the survey is to reduce the ambiguity of all "not applicable" answers. Require respondents to add a comment for their "not applicable" answers to clarify why they selected that choice. This would provide researchers with additional information into why the question does not apply to the respondents' organizations. Adding this additional requirement will also help to identify trends and future areas for research.

The second recommendation is to add additional choices for "contract type" question. The survey only had options for fixed-price contracts, cost-type contracts, and not applicable. Adding additional choices, such as indefinite-delivery indefinite-quantity contracts, requirements contracts, time-and-material contracts, and labor-hour contracts, would eliminate some of the not applicable responses and serve to improve the data by providing more specific results.

The final way to improve the survey is to correct the last question by allowing respondents to select all choices that apply. The final question asks whether or not respondents would like a copy of the survey results or the project report. This question currently only allows the respondent to select one choice.

3. Areas for Further Research

Additional research should be conducted on contracting for medical services. During the course of this research, the researchers discovered that medical services are procured by a medical procurement officer, and not a member of the Army Contracting Center. Further research should include who procures these services, how are they procured, and how does this compare to the service categories procured by the Army.

The researchers also recommend that this survey be deployed to units currently deployed to the CENTCOM area of responsibility. By collecting this data, comparisons can be made to between contracting practices of deployed and non-deployed units. The survey should also be utilized by other DoD agencies that contract for services such as the Marine Corps, the Special Operations Command (SOCOM), and the Transportation Command (TRANSCOM).

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